



Revive Investments

Marginal Gains: An Economics-First Trading Manual

The Revive Method

ReviveInvestments.org, Frisco, Texas

Stock-A-Thon Competitor Edition | Version 12, October 2026

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COACH'S NOTES

Specifically for Stock-A-Thon competitors. Read these before kickoff.

NOTE 1: Sections 1 to 3 are the whole method in miniature. The economy decides which sectors deserve money; three gates (fundamentals, valuation, entry) decide which stock in that sector you actually buy.

NOTE 2: Your Stock-A-Thon score is not just your return. Judges blend total return, a risk-adjusted measure that penalizes your worst drop, and the written rationale you submit with each major trade. Sections 5 and 9 are worth real points.

NOTE 3: Every company in a worked example is fictional and every price chart is synthetic, built for teaching. Do your own research with live data before you trade.

NOTE 4: When the method and your gut disagree, write down why before you click Place Order. That sentence is half of a winning rationale.

***Note: ReviveInvestments is student-run and is **not a registered investment adviser**. This manual is educational material for a **simulated trading competition** and is not investment advice; past performance does not indicate future results. Worked examples use fictional companies and synthetic price data. Version 12, October 2026.



AWARD-WINNING METHODOLOGY

BPA Nationals, 1st Place: V09 Financial Portfolio Management, High School Division, 2025 & 2026

1 Executive Summary

To every Stock-A-Thon competitor,

Most people who lose money in the stock market do not lose it because they picked a bad company. They lose it because they bought a decent company at the wrong price, in the wrong part of the economic cycle, with too much of their money, and with no plan for what to do if they were wrong. This manual is built to fix each of those four problems in order. It is the same framework ReviveInvestments uses to run its own fund, and the same one a ReviveInvestments team used to place first at BPA Nationals in V09 Financial Portfolio Management in 2025 and 2026.

We call the framework **the Revive Method**. It runs top-down, like a funnel. First, we read the macroeconomic backdrop (interest rates, growth, inflation, and supply and demand) to decide which sectors deserve capital at all. Second, inside those sectors, every candidate stock must pass three gates: **fundamentals** (is revenue growing, are margins healthy, is debt under control?), **valuation** (is the price-to-earnings ratio reasonable relative to the sector and to the company's growth?), and **entry** (is today a sensible moment to buy, or has the stock already run too far?). Third, anything that passes gets sized by strict risk rules: no more than 20% of a portfolio in one position, and a stop-loss on every trade.

The manual is written for a smart 16-to-20-year-old with zero accounting background. Every formula is explained in plain English, every rule comes with a worked example, and every section ends with an honest account of where the method is weak. We would rather you understand why a rule exists than memorize it, because the rules are meant to be broken only by people who know exactly what they are trading away.

Sections 2 to 5 teach the method. Section 6 shows you how to execute it on StockTrak, the platform Stock-A-Thon runs on. Section 7 explains how our sector teams apply it, and where each sector forces the house rules to bend. Section 8 lists the mistakes we see every round. Section 9 is the competition playbook: how scoring works, how to adapt a method designed for months to a two-week window, and how to write the trade rationale judges reward. The appendix contains a memo template, a pre-trade checklist, a blank scorecard, and a glossary. Good luck, and trade like the money is real.

The ReviveInvestments Executive Team

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2 Start With the Economy

2.1 Defining the Problem

Before evaluating any single company, a trader has to answer a bigger question: given what the economy is doing right now, which sectors are most likely to be rewarded and which are most likely to be punished? A great bank stock can still fall when interest rates collapse, and a mediocre oil producer can still rise when supply is suddenly cut. The goal of this section is to build a simple, repeatable way to turn economic data into a sector tilt.

2.2 Assumptions

1. **Markets look forward.** Stock prices react to what investors expect the economy to do over the next 6 to 12 months, not to what it did last quarter. So the direction and surprise of a data release matter more than its level.
2. **Historical sector tendencies are useful but not laws.** The sector patterns in this section have held on average across past cycles, but every cycle is different. We treat them as a starting tilt, never as a guarantee.
3. **Interest rates are the price of money.** Because every investment competes with the return on safe government bonds, a change in rates changes what every stock is worth. This is why the Federal Reserve is the most watched institution in markets.
4. **One indicator is never enough.** No single number tells you where the economy is. We read growth, inflation, employment, and rates together and look for agreement.

2.3 Variables

Indicator	Definition	Source	How often
Fed funds rate	The short-term interest rate the Federal Reserve targets to speed up or slow down the economy	Federal Reserve (FOMC)	8 scheduled meetings per year
10-year Treasury yield	The return on a 10-year U.S. government bond; the benchmark discount rate for long-term cash flows	Bond market	Daily
Yield curve slope	10-year yield minus 2-year yield. Negative (inverted) has often preceded recessions	Bond market	Daily
CPI (headline / core)	Consumer Price Index: the change in prices of a basket of goods and services. Core excludes food and energy	Bureau of Labor Statistics	Monthly
Real GDP growth	Growth in the total output of the economy after removing inflation, usually quoted as an annualized rate	Bureau of Economic Analysis	Quarterly, then revised
Unemployment / payrolls	Share of the labor force without a job; number of jobs added	Bureau of Labor Statistics	Monthly, usually first Friday
ISM Manufacturing PMI	Survey of purchasing managers. Above 50 suggests manufacturing is expanding; below 50, contracting	Institute for Supply Management	Monthly, first business day

Indicator	Definition	Source	How often
Crude oil inventories	Barrels of oil in U.S. storage; a weekly read on supply versus demand	U.S. Energy Information Administration	Weekly

Table 2.3.1: Macro indicators every Revive analyst checks before a sector call

2.4 The Models

Model 1: Interest rate cycles

A stock is worth the money it will generate in the future, translated into today's dollars. That translation is called **discounting**, and the interest rate is the discount rate. The formula is simple:

$$\text{Present value} = \text{Future cash flow} \div (1 + r)^t$$

Here r is the interest rate and t is the number of years until the cash arrives. Now watch what a rise in rates from 4% to 6% does to \$100 of cash. If the cash arrives in 1 year, its value falls from \$96.15 to \$94.34, a drop of about 1.9%. If the cash arrives in 10 years, its value falls from \$67.56 to \$55.84, a drop of about 17.3%. The same rate change hurts far-future cash nine times as much.

This one calculation explains a pattern you will see over and over. **Growth stocks** (much of technology) are valued mostly on profits expected far in the future, so they tend to suffer when rates rise and rally when rates fall. **Value stocks** (banks, energy, industrials) earn more of their cash today, so they are less sensitive, and banks can even benefit when the yield curve steepens because they borrow short-term and lend long-term. Utilities and real estate behave like bonds because of their steady payouts and heavy borrowing, so they also tend to fall when rates rise.

Key idea: When the Fed is expected to cut, lean toward long-duration growth. When it is expected to hike or hold rates high, lean toward sectors that earn their cash now. Always ask what the market already expects; a cut everyone saw coming is often already in the price.

Model 2: GDP and business-cycle positioning

The economy moves in a rough wave around its long-run trend: recovery, expansion, slowdown, and contraction. Different sectors have historically led in different phases because their profits depend on different things. Figure 2.4.1 shows the textbook version.

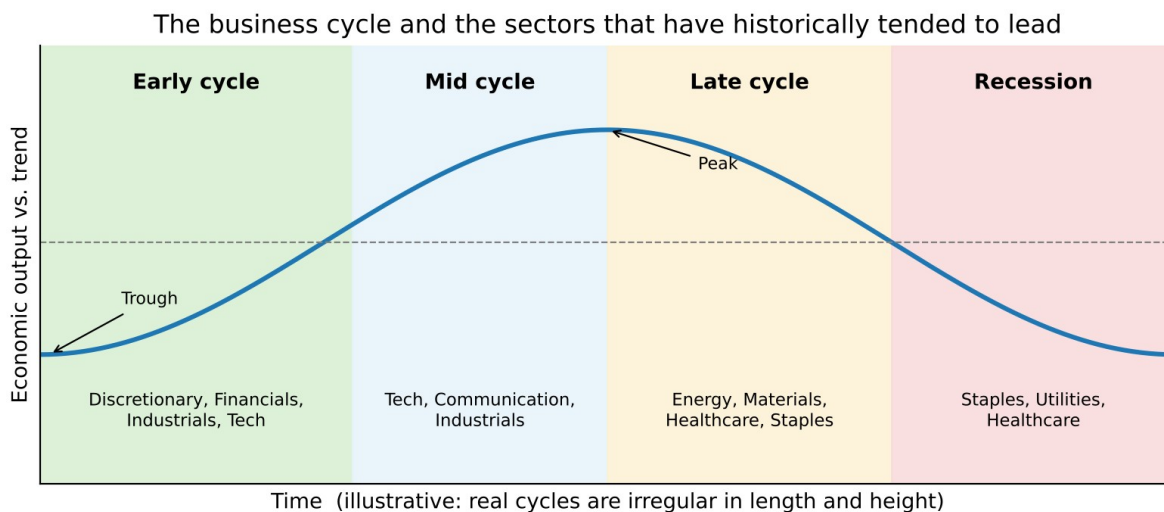


Figure 2.4.1: The business cycle and the sectors that have historically tended to lead in each phase

Phase	What the data usually looks like	Sectors that have tended to lead
Early cycle	GDP turning up from a trough, PMI rising back above 50, Fed cutting or holding low, yield curve steepening	Consumer discretionary, Financials, Industrials, Technology
Mid cycle	Steady growth, healthy hiring, inflation contained, Fed on hold	Technology, Communication services, Industrials
Late cycle	Growth slowing, inflation sticky, Fed hiking, unemployment near lows, curve flattening or inverting	Energy, Materials, Healthcare, Consumer staples
Recession	GDP shrinking, layoffs rising, PMI well below 50, Fed cutting	Consumer staples, Utilities, Healthcare

Table 2.4.1: Business-cycle phases, typical data, and historical sector leadership

Model 3: Inflation and CPI trends

Inflation hits companies through their costs. The question that matters is **pricing power**: can the company pass higher costs on to customers without losing them? Consider a company that sells a widget for \$10 that costs \$6 to make, a 40% gross margin. If input costs rise 10% to \$6.60 and the company cannot raise prices, its margin falls to 34%. If it can raise its price by the same 10% to \$11, its margin stays at 40%. Two companies with identical sales can therefore have very different earnings after an inflation spike.

Energy and materials producers often benefit from inflation because they sell the very things getting more expensive. Companies with thin margins and heavy input costs, such as some manufacturers, retailers, and restaurants, tend to suffer. Strong brands (think of what people keep buying even when the price goes up) tend to hold up best. Inflation also matters through Model 1: hot CPI readings raise expectations of Fed hikes, which pushes rates up and pressures growth stocks.

Model 4: Supply and demand fundamentals

For commodities such as oil, natural gas, copper, and silver, price is set where the quantity producers supply meets the quantity buyers demand. In the short run, both sides are **inelastic**: a

refinery cannot quickly find new crude, and drivers still need gasoline. Economists measure this with the price elasticity of demand:

$$\text{Elasticity} = \% \text{ change in quantity demanded} \div \% \text{ change in price}$$

If short-run demand elasticity is about -0.1 , then a 2% drop in supply requires roughly a 20% rise in price before buyers cut back enough to clear the market ($-2\% = -0.1 \times 20\%$). That is why a production cut, a pipeline outage, or an inventory surprise can move a commodity, and the stocks that produce it, long before those companies report a single quarter of higher earnings. For cyclical, watch inventory reports and supply announcements, not just earnings.

Model 5: Sector rotation

Sector rotation combines Models 1 to 4 into an allocation decision. Instead of holding the same basket all cycle, the fund shifts capital toward sectors whose drivers are improving and away from those whose drivers are deteriorating. The shift is gradual: we change tilts as evidence accumulates, not every time a single data point surprises.

2.5 Results: Turning a Reading Into a Tilt

Table 2.5.1 is the decision aid our Head Analysts use at the start of each month. Read each row, mark what the data says, and count which sectors get the most support.

If the data shows...	Tilt toward	Tilt away from
Rates expected to fall	Technology, Utilities, Real estate	Banks (if the curve flattens)
Rates expected to rise or stay high	Banks, Insurers, Energy	Long-duration growth, Utilities
PMI rising through 50, GDP accelerating	Industrials, Discretionary, Financials	Staples, Utilities
Growth slowing, unemployment rising	Staples, Healthcare, Utilities	Discretionary, Industrials
Inflation surprising upward	Energy, Materials, firms with pricing power	Thin-margin consumer, long-duration growth
Commodity supply shock (cut, outage)	Producers of that commodity	Heavy users of that commodity (airlines, chemicals)

Table 2.5.1: Macro-to-sector decision aid

2.6 Discussion

Notice the order of operations. The macro reading does not tell you what to buy; it tells you where to look first and how much of the portfolio each sector team should be allowed to use. A strong tilt toward energy means the Energy module gets more capital to deploy if it finds stocks that pass the gates in Section 3. It does not mean buying any energy stock.

2.7 Strengths and Weaknesses

The main strength of a macro-first approach is that it keeps you from fighting the tide; sector moves often explain a large share of what an individual stock does over short windows. The main weakness is that cycles are only obvious in hindsight. Data gets revised, recessions are often

declared months after they begin, and markets frequently move before the data confirms anything. Treat the cycle as a probability, and let the gates in Section 3 protect you when the macro call is wrong.

3 The Revive Method: Three Gates

3.1 Defining the Problem

Once the macro reading has pointed us at a sector, we need a consistent way to decide whether a specific stock is worth buying today. The Revive Method answers that with three gates, checked in a fixed order: **fundamentals first** (revenue growth, margins, debt load), then **valuation** (P/E relative to the sector and to the growth rate), then a basic **technical check** on whether the stock is at a reasonable entry point relative to its recent range. A stock must clear each gate before we even look at the next one.

3.2 Assumptions

1. **Over months, price follows profits.** Over short windows, prices are driven by news and sentiment, but over longer periods they tend to track earnings. Fundamentals come first because they are what the price eventually has to answer to.
2. **Comparisons beat absolutes.** A 10% operating margin is excellent for a grocery chain and poor for a software company. Every metric is judged against the sector, not against a universal number.
3. **A great company is not automatically a great stock.** If everyone already knows a company is excellent, its price may already reflect it. Valuation is the gate that asks how much of the good news is already paid for.
4. **Timing is the least reliable gate.** We use technicals only to avoid obviously bad entries (buying right after a vertical spike, or catching a stock in free fall), never as the reason to buy.
5. **Public data is accurate enough.** We rely on company filings and standard financial data providers and assume their reported figures are correct.

3.3 Variables

Symbol	Definition	Unit	Gate
g	Revenue growth, year over year: $(\text{this year} - \text{last year}) \div \text{last year}$	%	1
OM	Operating margin: $\text{operating income} \div \text{revenue}$	%	1
ND/EBITDA	Net debt (total debt – cash) $\div$ EBITDA (earnings before interest, taxes, depreciation and amortization)	×	1
IC	Interest coverage: $\text{operating income} \div \text{interest expense}$	×	1
EPS	Earnings per share: $\text{net income} \div \text{shares outstanding}$	\$	2
P/E	Price-to-earnings ratio: $\text{share price} \div \text{EPS}$	×	2
rP/E	Relative P/E: $\text{company P/E} \div \text{sector median P/E}$	×	2
PEG	$\text{P/E} \div \text{expected annual EPS growth (in percent)}$	×	2

Symbol	Definition	Unit	Gate
MA50 / MA200	Average closing price over the last 50 / 200 trading days	\$	3
RSI	Relative Strength Index (14-day): momentum gauge from 0 to 100	–	3
Range position	$(\text{Price} - 52\text{-week low}) \div (52\text{-week high} - 52\text{-week low})$	%	3

Table 3.3.1: Variables used in the Revive Method

3.4 The Model

Each of seven checks earns **0 (weak)**, **1 (acceptable)**, or **2 (strong)** points, for a maximum Revive Score of 14. The thresholds below are house rules of thumb chosen to be simple enough to apply in an hour of research. Sector modules may adjust them (Section 7), but must say so in the memo.

Gate 1: Fundamentals (is this a healthy business?)

Check	Strong (2)	Acceptable (1)	Weak (0)
Revenue growth (g)	15% or more, or at least double the sector median	5% to 15%	Below 5%, or shrinking
Operating margin (OM)	Above sector median and stable or rising	Roughly at sector median	Below median and falling
Debt load (ND/EBITDA)	Below 1×, and interest coverage above 5×	1× to 3×	Above 3×, or interest coverage below 2×

Table 3.4.1: Gate 1 scoring

Gate 2: Valuation (how much of the good news is already paid for?)

A P/E of 28 means investors pay \$28 for every \$1 of annual earnings. Whether that is expensive depends on two comparisons. **Relative P/E** compares the company to its sector, and **PEG** compares the P/E to the company's growth. A company growing earnings at 30% a year can justify a higher P/E than one growing at 5%.

$$\text{Relative P/E} = \text{Company P/E} \div \text{Sector median P/E}$$

$$\text{PEG} = \text{P/E} \div \text{Expected annual EPS growth (in percent)}$$

Check	Strong (2)	Acceptable (1)	Weak (0)
Relative P/E (rP/E)	Below 0.9	0.9 to 1.2	Above 1.2
PEG	Below 1.0	1.0 to 2.0	Above 2.0, or no positive earnings

Table 3.4.2: Gate 2 scoring

Gate 3: Entry (is today a reasonable moment to buy?)

Moving averages smooth out daily noise. If price sits above a rising 200-day average, the long-term trend is up. If price sits far above its 50-day average, the stock has run hard recently and is more likely to pull back. The **RSI** compares the size of recent up-days to recent down-days: readings above 70 suggest the stock is overheated, and readings below 30 suggest heavy selling that may not be finished.

Check	Strong (2)	Acceptable (1)	Weak (0)
Trend & extension	Above a rising MA200 and within about 10% of MA50	Above MA200, but 10% to 20% above MA50 or MA200 flat	More than 20% above MA50, or below a falling MA200
RSI (14-day)	40 to 60	30 to 40, or 60 to 70	Above 70 or below 30

Table 3.4.3: Gate 3 scoring

Decision rule

$$\text{Revive Score} = \text{Gate 1 (0-6)} + \text{Gate 2 (0-4)} + \text{Gate 3 (0-4)}$$

1. **Any 0 in Gate 1 stops the analysis**, unless the memo explains specifically why that weakness is temporary. A weak business at a cheap price is usually cheap for a reason.
2. **Buy** when the total is 10 or more and Gate 3 scores at least 2.
3. **Watchlist** when the total is 10 or more but Gate 3 scores below 2. The business and the price are fine; the timing is not. Set a price alert and wait for a pullback.
4. **Pass** when the total is 9 or less.

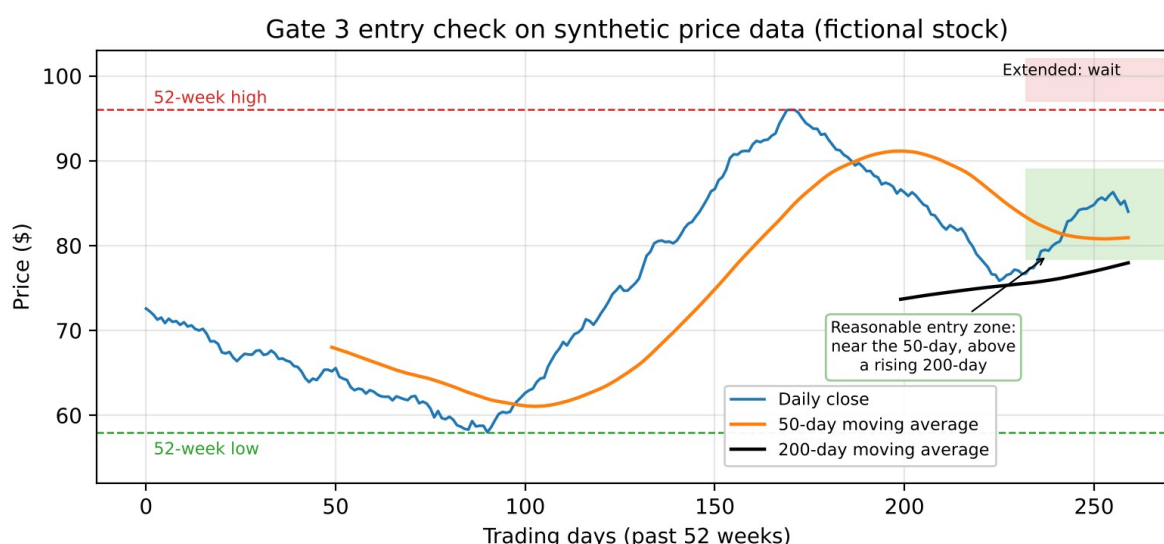


Figure 3.4.1: Reading Gate 3 on a chart (synthetic data for a fictional stock)

3.5 Results: Worked Example

Bluebonnet Robotics is a fictional industrial automation company invented for this manual. Its synthetic price history is the chart in Figure 3.4.1. All figures are in millions of dollars unless noted.

Input	Value	Calculation	Score
Revenue	\$4,800 (last year \$4,000)	$g = (4,800 - 4,000) \div 4,000 = 20\%$	2
Operating margin	18% (sector median 14%, up from 16%)	$OM = 864 \div 4,800 = 18\%$	2
Net debt / EBITDA	Net debt \$900; EBITDA \$1,100	$900 \div 1,100 = 0.82\times$; coverage $864 \div 60 = 14.4\times$	2

Input	Value	Calculation	Score
Relative P/E	Price \$84; EPS \$3.00; sector median P/E 25	$P/E = 84 \div 3.00 = 28.0$; $28.0 \div 25 = 1.12$	1
PEG	Expected EPS growth 22%	$28.0 \div 22 = 1.27$	1
Trend & extension	MA50 $\approx$ \$81; MA200 $\approx$ \$78 and rising	$84 \div 81 = 3.7\%$ above MA50	2
RSI (14-day)	≈ 54	Inside 40 to 60	2
Revive Score		Gate 1 = 6, Gate 2 = 2, Gate 3 = 4	12 / 14

Table 3.5.1: Revive Scorecard for Bluebonnet Robotics (fictional)

With a score of 12, no zeros in Gate 1, and Gate 3 at 4, the decision rule says **buy**. The stock's range position is $(84 - 58) \div (96 - 58) \approx 68\%$: it has recovered most of its pullback from the 52-week high but is not pressing against it. Section 5.3 shows how much to buy.

3.6 Sensitivity Analysis

A good model should tell you which assumptions your decision depends on. We changed one input at a time and re-scored Bluebonnet.

Scenario	What changes	New score	Decision
Base case	As in Table 3.5.1	12	Buy
Sector re-rates cheaper	Sector median P/E falls to 22, so $rP/E = 28.0 \div 22 = 1.27$ (weak)	11	Buy
Stock runs to \$92 first	P/E 30.7, rP/E 1.23 (0), PEG 1.39 (1); 13.6% above MA50 (1); RSI 72 (0)	8	Pass
Growth stalls	Revenue growth falls to 4% (Gate 1 zero)	Stops at Gate 1	Pass

Table 3.6.1: How the Bluebonnet decision responds to changed inputs

The same company becomes a pass after an \$8 rally, because both valuation and entry deteriorate at once. That is the method working as intended: it refuses to chase. It also shows the decision is fairly robust to the sector median P/E, the input analysts most often argue about.

3.7 Strengths and Weaknesses

The method's strength is discipline. It forces you to check the business before the story, the price before the business excites you, and the chart before you click. Because the scorecard is written down, a Head Analyst can see exactly which input a recommendation depends on and attack it.

Its weaknesses are real. First, the thresholds are blunt: a company with 14.9% growth scores the same as one with 5%. Second, P/E fails for companies with no earnings, for banks, and for cyclicals at the top of their cycle (Section 7 handles these). Third, fundamentals move slowly, so over a two-week competition window they explain less of a stock's move than catalysts and momentum do (Section 9.2 adjusts for this). Use the score as the start of an argument, not the end of one.

4 Reading Financial Statements From Zero

Every public company files three core statements each quarter. You do not need to be an accountant to read them; you need to know which five or six lines feed the Revive Scorecard. We use Bluebonnet Robotics again so the numbers connect to Section 3.

4.1 The Income Statement

The income statement answers one question: **did the company make money over this period?** It starts with sales at the top (the top line) and subtracts costs on the way down to profit (the bottom line).

Line	Bluebonnet (\$M)	What it means
Revenue	4,800	Total sales. The source of g in Gate 1.
– Cost of goods sold	(2,304)	Direct cost of making what was sold: parts, factory labor.
= Gross profit	2,496	Gross margin = $2,496 \div 4,800 = 52\%$.
– Operating expenses	(1,632)	Salaries, research, marketing, rent; includes \$236 of depreciation and amortization.
= Operating income	864	Profit from the core business. OM = 18%. Add back D&A to get EBITDA of 1,100.
– Interest expense	(60)	The cost of the company's debt. Coverage = $864 \div 60 = 14.4\times$.
= Pre-tax income	804	
– Taxes (21%)	(169)	
= Net income	635	The bottom line. $\div 212$ million shares = EPS of about \$3.00.

Table 4.1.1: Bluebonnet Robotics income statement (fictional)

4.2 The Balance Sheet

The balance sheet is a snapshot of what the company **owns** and **owes** on a single day. It always balances:

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' equity}$$

Think of buying a \$300,000 house with a \$60,000 down payment and a \$240,000 mortgage. The house is the asset, the mortgage is the liability, and your \$60,000 is the equity. For Gate 1, find **total debt** (short-term plus long-term borrowings) and **cash and equivalents** in the balance sheet, then compute net debt = debt – cash. Bluebonnet has \$1,400 of debt and \$500 of cash, so net debt is \$900.

4.3 The Cash Flow Statement

Net income includes accounting estimates; cash is harder to fake. The cash flow statement shows money actually coming in and going out, split into operating, investing, and financing activities. The most useful single number is **free cash flow**: cash from operations minus capital

expenditures. A company reporting rising profits while free cash flow keeps falling deserves a hard question in the memo.

Key idea: Earnings are an opinion; cash is a fact. If profit and cash flow tell different stories, find out why before you buy.

4.4 Where to Find the Numbers

- **SEC EDGAR** (sec.gov/edgar): the official 10-K (annual) and 10-Q (quarterly) filings. The primary source; use it when numbers disagree.
- **Company investor relations pages:** earnings releases, presentation slides, and the date of the next earnings call.
- **Financial data sites and the StockTrak quote pages:** quick P/E, EPS, 52-week range, and moving averages. Fast, but check anything surprising against the filing.
- **FRED** (fred.stlouisfed.org): free charts of every macro series in Table 2.3.1.

5 Position Sizing & Risk Rules

5.1 The Two House Rules

1. **No more than 20% of the portfolio in any one position**, measured at the time of purchase. This forces at least five positions when fully invested, so no single surprise can sink the portfolio.
2. **Every trade has a stop-loss, set before the trade is placed.** The stop is the price at which your thesis is proven wrong. You decide it while you are calm, not while you are watching the stock fall.

5.2 The Sizing Model

The 20% cap limits how much money goes into a position. A second limit controls how much you can **lose** on it. We cap the planned loss on any single trade at 2% of the account. The number of shares you buy is the smaller of the two:

$$\text{Shares allowed by the cap} = (0.20 \times \text{Account}) \div \text{Entry price}$$

$$\text{Shares allowed by the risk budget} = (0.02 \times \text{Account}) \div (\text{Entry price} - \text{Stop price})$$

$$\text{Shares to buy} = \text{the smaller of the two, rounded down}$$

Symbol	Definition	Unit	Value (Stock-A-Thon)
Account	Total portfolio value	\$	25,000 at the start
Cap	Maximum share of the account in one position	%	20
Risk budget	Maximum planned loss on one trade	%	2
Entry	Price you plan to buy at	\$	Varies
Stop	Price at which you exit because the thesis is wrong	\$	Varies

Table 5.2.1: Variables in the sizing model

5.3 Worked Example

Bluebonnet trades at \$84. The stop goes at \$76, the recent swing low and just below the 200-day average (about \$78), because a break below both would mean the uptrend the Gate 3 score relied on has failed.

Step	Calculation	Result
20% cap	$(0.20 \times 25,000) \div 84 = 5,000 \div 84$	59 shares
2% risk budget	$(0.02 \times 25,000) \div (84 - 76) = 500 \div 8$	62 shares
Position size	Smaller of 59 and 62	59 shares (\$4,956)
Actual planned risk	$59 \times \$8 = \$472$	1.9% of the account

Table 5.3.1: Sizing the Bluebonnet position

Here the cap binds. If the stop had to sit further away, say at \$70, the risk budget would bind instead: $500 \div 14 = 35$ shares. A wider stop means a smaller position. That trade-off is the whole point of the model.

5.4 Correlation: Four Chip Stocks Are One Bet

Five positions do not guarantee diversification. If you own four semiconductor companies, they will tend to rise and fall together because they share customers, suppliers, and sensitivity to the same news. Correlation measures how closely two stocks move together, from +1 (in lockstep) to -1 (opposite directions). The practical house rule: **no more than 40% of the portfolio in a single sector** unless the macro tilt in Section 2 explicitly calls for it and the memo says so.

5.5 Why Drawdowns Matter More Than You Think

A **drawdown** is the drop from a portfolio's peak value to its lowest point afterward. Losses and gains are not symmetric: lose 50% and you need a 100% gain just to get back to even. Figure 5.5.1 shows the curve. This is also why Stock-A-Thon scoring penalizes maximum drawdown: two traders with the same return are not equally skilled if one of them nearly blew up along the way.

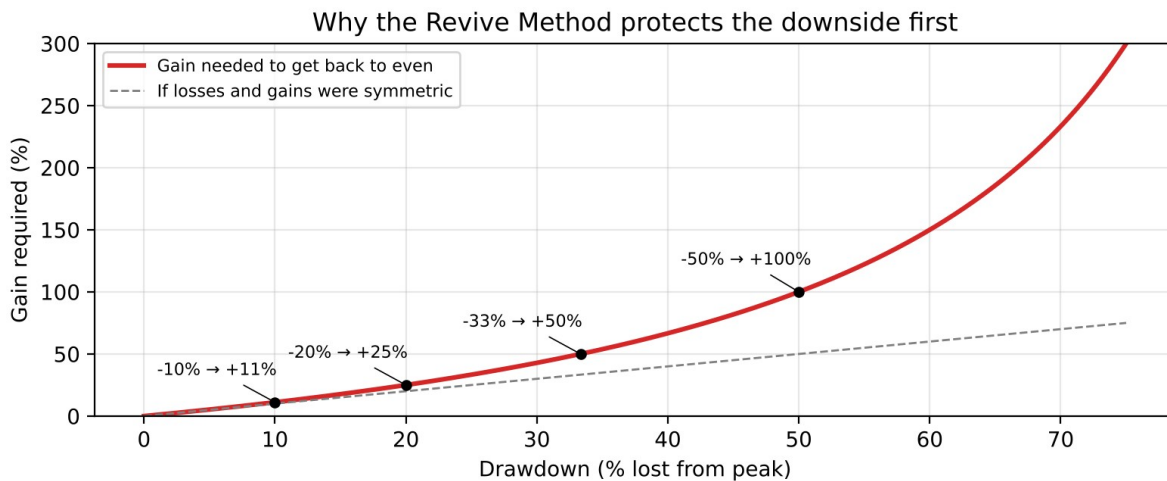


Figure 5.5.1: Gain required to recover from a drawdown

6 Using StockTrak

Stock-A-Thon runs on StockTrak, a real-time market simulation used by university and high-school investing competitions. Screens and button labels change over time, so if something looks different from this guide, follow the platform's own help pages and the rules for your round.

6.1 Getting In

1. **Use the registration link from your Stock-A-Thon kickoff email.** It places you directly into the correct class. If you do not have a link, go to stocktrak.com, choose *Register as student*, and enter the class name and password we send you.
2. **Register with the name and school you entered on the Revive sign-up form**, so judges can match your portfolio to your rationales.
3. **Log in before kickoff** and confirm you see a starting balance of \$25,000.

6.2 Read Your Rules Before Your First Trade

Each StockTrak class has its own trading parameters, visible from your dashboard. Check these before your first trade, because the platform enforces them automatically:

- **Starting cash and trading dates:** when trading opens and the last day trades count.
- **Allowed securities:** stocks only, or also ETFs, options, and others.
- **Margin and short selling:** whether you may borrow money or bet against a stock. This manual teaches the method for buying (going long).
- **Maximum position size:** StockTrak can enforce a cap. If an order would exceed it, you will see an error that your order total plus open position must not exceed the maximum position size.
- **Commissions:** trading fees reduce your return, which is one more reason not to overtrade.

6.3 Placing a Trade

Step	Where	What to do
1	Trading tab	Hover over <i>Trading</i> and choose the security type (for stocks, the equities option).
2	Order ticket	Enter the ticker symbol, choose <i>Buy</i> , and enter the number of shares from your sizing model (Section 5.3).
3	Order type	Choose Market, Limit, Stop, or Trailing Stop (Section 6.4). Default to a Limit order for entries.
4	Trading Notes	Add a short note explaining the trade. These notes are your rationale record (Section 9.3).
5	Preview	Click <i>Preview Order</i> . Check the estimated total against your 20% cap.
6	Confirm	Click <i>Place Order</i> to send it.
7	Set the stop	Immediately place a separate Sell order of type Stop (or Trailing Stop) at your stop price.

Step	Where	What to do
8	Verify	Open <i>Order History</i> under <i>My Portfolio</i> and confirm the status of both orders.

Table 6.3.1: Placing a trade on StockTrak, Revive style

6.4 Order Types

Order type	What it does	Use it when	Watch out for
Market	Fills at the next available price	You need to be in or out now, in a large, heavily traded stock	Placed after hours, it fills at the next open, which may be far from today's close
Limit	Buys at or below (sells at or above) your price	Entering a position at a planned price; the Revive default for buys	May never fill if the price runs away from you
Stop (stop-loss)	Becomes a market order once the stop price is hit	Enforcing the house stop-loss rule	If the stock gaps down overnight, you can be filled well below your stop
Trailing stop	A stop that rises with the price by a set dollar or percent amount	Locking in gains on a winner without capping upside	Set too tight on a volatile stock, it sells on ordinary noise

Table 6.4.1: StockTrak order types

6.5 Trading Notes, Order History, and Troubleshooting

StockTrak lets you attach **Trading Notes** to each trade and order. Write your Revive Score and one-sentence thesis there every time; it costs thirty seconds and gives you the raw material for every rationale you will submit.

What you see	Likely reason	Fix
Order stays <i>pending</i>	Placed outside market hours, a limit or stop price not reached, or the order asks for more than half of the stock's available volume	Wait for the open, check your limit price, or reduce the order size
Max position size error	The order plus your existing holding exceeds the class cap	Recalculate with the sizing model and reduce shares
<i>System Cancelled</i>	An administrator or an automatic trading rule cancelled the order	Re-read your class rules; contact the Revive team if unclear
Accidental trade	Clicked through Preview too quickly	You generally cannot undo a filled trade. Slow down at Preview

Table 6.5.1: Common StockTrak issues

7 Modules by Sector

7.1 How a Sector Team Works

Each sector runs three analysts: one **Head Analyst** and two **Research Analysts**. The research analysts build the model and draft the investment memo; the Head Analyst stress-tests it and

presents the recommendation to the executive team, who vote on whether to execute. The structure is inspired by how many college investment clubs organize their sector teams.

Step	Owner	Output
1. Macro check	Head Analyst	Does Table 2.5.1 support this sector right now? How much capital may the team use?
2. Idea generation	Research Analysts	3 to 5 candidates from the sector that look interesting
3. Model	Research Analysts	Revive Scorecard (Appendix 12.3) plus a simple income statement for each candidate
4. Memo	Research Analysts	Investment memo for the best candidate (Appendix 12.1), including entry, stop, and size
5. Stress test	Head Analyst	Argues the bear case, re-runs the sensitivity table, writes a pre-mortem: if this loses money, why?
6. Pitch	Head Analyst	Presents the recommendation and the strongest objection to the executive team
7. Vote and execute	Executive Team	Majority vote; position sized per Section 5
8. Review	Whole team	Weekly check: is the thesis intact? Has a kill criterion been hit?

Table 7.1.1: Sector team workflow

Each module below lists what drives the sector, which metrics matter most, and where the house rules from Section 3 need to bend. The bends matter: applying one rulebook blindly to every sector is one of the fastest ways to make confident mistakes.

7.2 Consumers / Healthcare

What drives it	Consumer spending, wages and employment, pricing power of brands; for healthcare, drug pipelines, patent expirations, and government reimbursement policy.
Metrics that matter	Organic sales growth (excluding acquisitions), gross margin trend; for pharmaceuticals, pipeline and patent expiry dates; for insurers, the medical cost ratio (claims paid ÷ premiums).
Where the rules bend	Early-stage biotech companies often have no earnings, so P/E and PEG are meaningless and Gate 2 scores zero by default. The Revive Method is not built for them; avoid them unless the memo has a specific catalyst.
Macro sensitivity	Staples and healthcare have tended to hold up in late cycle and recession; discretionary spending has tended to lead in early cycle.
Names the module tracks	Johnson & Johnson, Procter & Gamble, UnitedHealth Group

Table 7.2.1: Consumers / Healthcare module

7.3 Industrials

What drives it	Business investment, factory activity (PMI), infrastructure and defense spending, global trade.
Metrics that matter	Order backlog and book-to-bill ratio (new orders ÷ shipments; above 1 means demand is outrunning output), operating margin, free cash flow.
Where the rules bend	Cyclical companies often look cheapest on P/E at the top of the cycle, when earnings are temporarily high, and most expensive at the bottom. Check where earnings sit relative to their own history before trusting a low P/E.
Macro sensitivity	Early to mid cycle; sensitive to PMI and capital spending.
Names the module tracks	Boeing, Caterpillar, Honeywell. Boeing is a good Gate 1 case study: start with its debt load and free cash flow before anything else.

Table 7.3.1: Industrials module

7.4 Energy

What drives it	Oil and natural gas prices (global supply, OPEC+ decisions, inventories, demand growth), refining margins. Utilities are driven instead by interest rates and regulators.
Metrics that matter	Free cash flow yield, EV/EBITDA (enterprise value ÷ EBITDA), the oil price the company needs to break even, dividend coverage.
Where the rules bend	The same low-P/E trap as Industrials, magnified: at a commodity price peak, producers look cheapest just before earnings fall. Regulated utilities carry high debt by design, so compare their debt to other utilities, not to the 3× rule.
Macro sensitivity	Late cycle and inflationary periods; directly exposed to supply shocks (Model 4).
Names the module tracks	ExxonMobil, Chevron, NextEra Energy (a utility: treat it as rate-sensitive, not oil-sensitive)

Table 7.4.1: Energy module

7.5 Technology

What drives it	Business technology budgets, product cycles, data-center and AI investment, and interest rates (Model 1).
Metrics that matter	Revenue growth, gross margin, the Rule of 40 (revenue growth % + free cash flow margin % should be 40 or higher for software), PEG.
Where the rules bend	Strong tech companies often trade above 1.2× the market P/E for long stretches, so PEG carries more weight than relative P/E. Momentum leaders can hold RSI above 70 for weeks; a 70+ reading alone is a reason to size smaller, not always to pass.
Macro sensitivity	Highly rate-sensitive; tends to lead in early and mid cycle.
Names the module tracks	Apple, Microsoft, Nvidia

Table 7.5.1: Technology module

7.6 Financials

What drives it	The yield curve, loan demand, credit quality, capital-markets activity (deals and trading), and consumer spending for payment networks.
Metrics that matter	For banks: price-to-book (P/B) compared with return on equity (ROE), net interest margin, CET1 capital ratio, loan loss provisions. For payment networks: payment volume growth and operating margin.
Where the rules bend	Gate 1's debt test does not work for banks. Borrowing (including customer deposits) is a bank's raw material, so every bank fails a debt-to-EBITDA screen. Replace it with the CET1 capital ratio compared with peers, and replace P/E with P/B relative to ROE. Payment networks such as Visa are not lenders, so the normal gates apply.
Macro sensitivity	Early cycle; a steepening yield curve has tended to help bank margins, while a deep recession raises loan losses.
Names the module tracks	JPMorgan Chase, Goldman Sachs, Visa

Table 7.6.1: Financials module

8 Common Mistakes

These are the mistakes we see in every Stock-A-Thon round. The first three are the ones the curriculum was built to prevent.

Mistake	What it looks like	Why it hurts	The fix
Chasing momentum without a thesis	Buying whatever is up 15% this week because it is up	You are buying after the move, with no idea when to sell	No trade without a written thesis and a Gate 3 score of at least 2
Ignoring sector correlation	Five positions, all in semiconductors	One bad headline hits everything at once; drawdown balloons	Cap any sector at 40% unless the macro tilt explicitly calls for more
Overtrading	Ten trades a day, reacting to every tick	Commissions, worse prices, and no time for research	Set a limit, for example no more than two new positions a day
Averaging down a loser	Buying more as it falls to lower your average cost	Doubles the bet on a thesis the market is rejecting	Only add if the memo is re-scored and still passes
Moving the stop	Lowering the stop when price approaches it	Turns a small, planned loss into a large, unplanned one	Stops can be raised, never lowered
Ignoring the calendar	Holding through an earnings report you did not know about	Earnings can move a stock 10% overnight in either direction	Check the earnings date before every entry (Section 9.2)
The final-day Hail Mary	Going all-in on one stock to jump the leaderboard	Drawdown penalty and the 20% cap; usually ends lower	Play the scoring system, not just the return

Table 8.1: Common mistakes and their fixes

9 Competing in Stock-A-Thon

9.1 Format and Scoring

Stage	When	What happens
Kickoff	First Saturday of the month	ReviveInvestments analysts walk participants through this manual and the method
Live trading	The next two weeks	Real-time market data; every participant starts with the same simulated \$25,000
Judging	The following week	Risk-adjusted scoring and trade rationales are reviewed
Results	The Monday after	Winners are announced and the winning trading rationale is published

Table 9.1.1: Stock-A-Thon format

Scoring is deliberately not pure return, because pure return rewards reckless risk-taking. Judges blend three things: **total return** over the trading window, a **risk-adjusted measure that penalizes maximum drawdown**, and a **short written rationale** submitted with each major trade. To see why the drawdown penalty matters, compare two hypothetical competitors. Trader A finishes up 12% and was never more than 4% below her peak. Trader B finishes up 15% but at one point was 14% below his. Return divided by maximum drawdown is 3.0 for A and about 1.1 for B. A drawdown-aware judge can reasonably rank A higher. (This ratio illustrates the idea; the exact weights for your round are set by the judges.)

9.2 Adapting the Method to a Two-Week Window

The Revive Method was built to run a fund over months. Over ten trading days, fundamentals barely change, and prices are moved mostly by **catalysts**: scheduled events that force the market to update its expectations. Keep the gates, and add a catalyst check:

- **Earnings dates.** Find out whether each stock reports during the window. Holding through earnings is a deliberate bet on the report, so either size smaller or say in your rationale why you expect a beat.
- **Macro releases.** Mark the CPI release, the jobs report, and any Fed meeting inside the window on your calendar. Rate-sensitive positions (Model 1) can move sharply on these days.
- **Commodity data.** For energy positions, the weekly inventory report is a recurring catalyst (Model 4).
- **A time stop.** If a position has gone nowhere after five trading days and its catalyst has passed, the capital may be better used elsewhere. Write this rule into your memo before you buy.

Key idea: Your first trade should be your best-researched, not your fastest. There is no prize for being first in the market, and the drawdown you take on day one stays in your score for the whole round.

9.3 Writing a Rationale Judges Reward

A strong rationale is short and specific. Use five sentences, one for each part of the method:

1. **Macro:** why this sector, right now (cite one indicator).
2. **Business:** the Gate 1 facts, with numbers.
3. **Price:** the Gate 2 facts: relative P/E and PEG.
4. **Entry and risk:** the Gate 3 reading, the stop price, and the position size.
5. **Exit:** what would make you sell, both for a win and a loss, and any catalyst in the window.

Example (fictional): "Industrials: the PMI rose back above 50 this month, which has historically favored early-cycle sectors. Bluebonnet grew revenue 20% with an 18% operating margin, four points above its sector, and net debt of just 0.8× EBITDA. At 28× earnings it trades at a 12% premium to the sector, but its PEG of 1.3 is reasonable for 22% expected earnings growth. It pulled back from \$96 to \$76 and has recovered above its rising 200-day average with an RSI of 54; I bought 59 shares at \$84 with a stop at \$76, risking 1.9% of the account. I will sell half if it reaches its \$96 high before earnings, and all of it on a close below \$76."

9.4 Past Rounds

Round	Winner	Start	End	Return	Donation
1 (Dec 2025)	Nithesh Balaji	\$25,000	\$29,625	+18.5%	\$250 to The Family Place
2 (Mar 2026)	Aaron Kirkpatrick	\$25,000	\$27,300	+9.2%	\$250 to Genesis Women's Shelter & Support
3 (Jun 2026)	Srikar Chidipotu	\$25,000	\$26,200	+4.8%	\$250 to Emily's Place

Table 9.4.1: Stock-A-Thon winners to date (from reviveinvestments.org)

Notice that the winning return has fallen each round. That is what happens when more competitors learn the method: easy edges disappear, and the gap between first and fifth increasingly comes down to risk control and the quality of the written rationale.

10 Conclusion

10.1 Further Study

Once the three gates feel automatic, the natural next steps are: building a simple discounted cash flow model to estimate what a business is worth from first principles; learning EV/EBITDA and price-to-book so you can value companies P/E cannot; studying how the Federal Reserve communicates (its statements and press conferences move markets as much as its decisions); and keeping a trade journal so you can score your own past decisions against the method. The free resources in the references (FRED, SEC EDGAR, and Investor.gov) are enough to go a long way.

10.2 Summary

The Revive Method is a funnel. The economy decides which sectors deserve capital. Three gates, applied in order, decide which stock: fundamentals first, then valuation, then entry. Strict sizing rules decide how much, and a stop decided in advance decides when you are wrong. StockTrak is where you execute it, the sector modules are where you adapt it, and the written rationale is where you prove you understood it. None of these rules guarantees a profit. What they guarantee

is that when you lose, you lose small and you learn exactly why, and that is how every good trader gets better.

11 References

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12 Appendix

12.1 Investment Memo Template

Field	Your answer
Ticker / company / sector	
Analysts (Head / Research)	
Macro case (Section 2): sector tilt and the indicator behind it	
Thesis in one sentence	
Revive Score (attach 12.3): G1 / G2 / G3 / total	
Any sector rule bends used (Section 7)	
Catalysts in the window: earnings date, macro releases	
Entry price and order type	
Stop price and why it proves the thesis wrong	
Position size (Section 5): shares, \$ amount, % of account, \$ at risk	
Kill criteria: what news would make us sell regardless of price	
Pre-mortem: if this loses money, the most likely reason is...	
Exec team vote and date	

Table 12.1.1: Investment memo template

12.2 Pre-Trade Checklist

- ☐ The sector has macro support in Table 2.5.1, or the memo explains why not.
- ☐ No zero scores in Gate 1, or a written reason the weakness is temporary.
- ☐ Revive Score of 10 or more, with Gate 3 at 2 or more.
- ☐ Earnings date checked; macro releases in the window noted.
- ☐ Stop price chosen before entry, and it is a level that proves the thesis wrong.
- ☐ Size is the smaller of the 20% cap and the 2% risk budget.
- ☐ This position keeps every sector at 40% or less of the portfolio.
- ☐ Trading Note written on StockTrak, and the stop order placed right after the buy fills.

12.3 Revive Scorecard Worksheet

Gate	Check	Value	Sector benchmark	Score (0/1/2)
1	Revenue growth (g)			
1	Operating margin (OM)			
1	Net debt / EBITDA, interest coverage			
2	Relative P/E			
2	PEG			
3	Trend & extension (MA50, MA200)			
3	RSI (14-day)			
Total	Buy ≥ 10 with Gate 3 ≥ 2			/ 14

Table 12.3.1: Blank Revive Scorecard

12.4 Glossary

Term	Plain-English meaning
Basis point	One hundredth of a percentage point. A rate move from 4.00% to 4.25% is 25 basis points.
Bear case / bull case	The strongest argument the stock will fall / rise.
Book value	Assets minus liabilities: what shareholders would own on paper if the company were wound up.
Catalyst	A scheduled or expected event that forces the market to re-price a stock, such as an earnings report.
Cyclical	A business whose profits rise and fall with the economy (autos, machinery, oil).
Defensive	A business whose demand holds up in downturns (groceries, utilities, medicine).
Drawdown	The fall from a portfolio's peak to its subsequent low.
EBITDA	Earnings before interest, taxes, depreciation and amortization: a rough proxy for operating cash profit.
Enterprise value (EV)	Market value of the shares plus net debt: the price to buy the whole business.
EPS	Earnings per share: net income divided by shares outstanding.
Free cash flow	Cash from operations minus capital expenditures.
Gross margin	Gross profit divided by revenue.
Inelastic	Quantity barely responds to price, so small supply changes cause big price swings.
Limit order	An order to buy or sell only at a set price or better.

Term	Plain-English meaning
Long / short	Owning a stock to profit if it rises / borrowing and selling it to profit if it falls.
Moving average	The average closing price over a set number of days, used to smooth noise.
Operating margin	Operating income divided by revenue.
P/E ratio	Share price divided by earnings per share.
PEG ratio	P/E divided by expected earnings growth (in percent).
Pricing power	The ability to raise prices without losing customers.
RSI	Relative Strength Index: a 0 to 100 momentum gauge; above 70 overheated, below 30 heavily sold.
Sector rotation	Shifting money between sectors as the economic cycle changes.
Stop-loss	An order that sells automatically if the price falls to a set level.
Yield curve	Interest rates on government bonds plotted from short to long maturities.

Table 12.4.1: Glossary