

## **Smart Money Room Guide**

There are several indicators tracked in the room and the overall matrix/stance of the indicators is used to determine current positioning in the market. Exact logic behind the model is proprietary.

There are three trade classes we take in the room – as outlined below.

### **A-Class Longs**

Risk Taken 3% on trading account. It will be represented as a 100% position in our trading tables. Win Rate 95%. The best quality trades we take in the room and they are long only.

### **B-Class Shorts**

Risk taken 2% on trading account. Win Rate 76%. It will be represented as a 2/3<sup>rd</sup> sized position in our trading tables. The second best quality trade in the room and is short only.

### **C-Class Longs**

Risk taken 1.5% on trading account. Win Rate of approximately 78%. This will be represented as a 50% or half sized position in the tables. This type is long only.

### **Risk Explained**

Managing your risk adequately is the most important factor in our trading and will make the difference in whether you succeed or not. Stops for all trades are placed at approximately 3.5% away from entry. You have to start with how much you can lose and work your way up from there into how much size you should have on the trade.

Example 1 using MES:

Note that MES is 1/10<sup>th</sup> the size of ES. 1 point movement equates to 5\$ per contract.

Trade: Long MES 4100 stop 3957. (this is a 3.5% stop loss)

Let's say this is an A Class trade. Which means we want to use 3% risk. (Risk not Stop)

What is 3% risk on a 100K account? 3K... This is the max you want to lose on this trade.

So in order to limit your max loss at 3K, how many contracts do you trade? 4 MES on a 100K account...  $(3000 / (5 * (4100 - 3957))) = 4 \text{ MES}$ .

IF we go down to 3998, how much will you lose? ....  $4 * 5 * 143 = 2860\$$

Example 2 using SPY:

Trade: Long SPY 417 stop 402.4 (3.5% stop loss)

Let's say this is an C Class trade. Which means we want to use 1.5% risk. (Risk not Stop)

What is 1.5% risk on a 100K account? 1.5K... This is the max you want to lose on this trade. So in order to limit your max loss at 1.5K, how many shares do you trade?

Max Loss  $1500 / (417 - 402.4) = 103$  Shares of SPY. Or 42,951\$ of your account should be put into SPY long. If stopped out, you will lose  $103 * (417 - 402.4) = 1504$ \$ which is the max loss allowed for a C-Class trade.

**NOTE: Risk and Stops are guidelines only. You can use tighter stops and more risk if that fits within your plan. I would however advice going smaller than you think is adequate. It is always easier psychologically to stick to your trading plan when your size is manageable. In my personal experience, it is when I have traded smaller size that I have been the most profitable and the most consistent.**

## System Stats

ES points per year per class along with win rates.

	Wins	Loss	Total	Win%	Points					
A-Class	40	2	42	95%	5110.5					
B-Class	39	12	51	76%	3833.5					
C-Class	18	5	23	78%	715.5					
	2018 Win%		2019 Win%		2020 Win%		2021 Win%		2022 Win%	
A-Class	903.5	100%	876	89%	1343	100%	1339.5	100%	127	75%
B-Class	1102	88%	328	50%	1668	88%	487	78%	435	100%
C-Class	76.5	63%	98	75%	139	100%	143	100%	189.5	67%
TOTAL	2082	87%	1302	67%	3150	95%	1969.5	90%	751.5	82%

ABC full trade data spreadsheet –

[https://docs.google.com/spreadsheets/d/1Q\\_zfZ\\_ZtOycl6VFetDWPdTR1FzdFT8J1/edit?usp=sharing&ouid=110042724607838798266&rtpof=true&sd=true](https://docs.google.com/spreadsheets/d/1Q_zfZ_ZtOycl6VFetDWPdTR1FzdFT8J1/edit?usp=sharing&ouid=110042724607838798266&rtpof=true&sd=true)