

## 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 4.5% on trading account. It will be represented as a 150% position in our trading tables. Win Rate 96%. The best quality trades we take in the room and they are long only.

### **B-Class Longs/Shorts**

Risk taken 3% on trading account. Win Rate 80%. It will be represented as a 100% or Full sized position in our trading tables. The second best quality trade in the room and can be long or short.

### **C-Class Longs**

Risk taken 1.5% on trading account. Win Rate of approximately 50%. This will be represented as a 50% or half sized position in the tables. The lowest quality trade in the room and it can be long or short as well.

### **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. All stops for B and C Class trades are placed at approximately 2.5% away from entry. For A Class trades, a 2 or 2.5% stop will be used depending on the real time signals. 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 3998. (this is a 2.5% stop loss)

Let's say this is an A Class trade. Which means we want to use 4.5% risk. (Risk not Stop)

What is 4.5% risk on a 100K account? 4.5K... This is the max you want to lose on this trade.

So in order to limit your max loss at 4.5K, how many contracts do you trade? Only 8 MES on a 100K account...  $(4500 / (5 * (4100 - 3998))) = 8.82$  MES – approximated to 8 MES.

IF we go down to 3998, how much will you lose? ....  $8 * 5 * 102 = 4080\$$

Example 2 using SPY:

Trade: Long SPY 417 stop 406.57 (2.5% 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  $1500 / (417 - 406.57) = 143$  Shares of SPY. Or 59,631\$ of your account should be put into SPY long. If stopped out, you will lose  $143 * (417 - 406.57) = 1491.5$ \$ which is less than the max allowed for a C-Class trade.

### System Stats

ES points per year per class along with win rates.

	Wins	Loss	Total	Win%	Points
A-Class	75	3	78	96%	6543
B-Class	72	18	90	80%	4753
C-Class Longs	26	24	50	52%	61
C-Class Short	22	28	50	44%	257

  

	2015 Win%		2016 Win%		2017 Win%		2018 Win%		2019 Win%		2020 Win%		2021 Win%	
A-Class	975	100%	561	91%	787	100%	1271	100%	1272	91%	1343	89%	335	100%
B-Class	862	95%	426	71%	85	86%	1358	93%	364	78%	1668	83%	-9	46%
C-Class Longs	-146	29%	-44	36%	-58	22%	-34	80%	59	67%	139	100%	143	75%
C-Class Short	-57	0%	87	31%	74	58%	68	50%	72	67%	71	67%	-58	40%
TOTAL	1634	79%	1030	57%	888	65%	2663	87%	1767	79%	3221	85%	411	62%

  

	2015		2016		2017		2018		2019		2020		2021	
	LOSS	TOTAL	LOSS	TOTAL	LOSS	TOTAL	LOSS	TOTAL	LOSS	TOTAL	LOSS	TOTAL	LOSS	TOTAL
A-Class	0	21	1	11	0	9	0	13	1	11	1	9	0	4
B-Class	1	20	4	14	1	7	1	15	2	9	2	12	7	13
C-Class Longs	5	7	7	11	7	9	1	5	1	3	0	3	3	12
C-Class Short	5	5	9	13	5	12	3	6	2	6	1	3	3	5

ABC full trade data spreadsheet –

<https://drive.google.com/file/d/14XGNARVa7P63ovh1EtujKDXKny6Zng1F/view>