SB-ITM

SCAN A

# Scoring Matrix

## Client Guide

How SB-ITM evaluates swing-trading candidates across BULL, RANGE and DEFENSIVE market modes.

**Purpose of this guide**
This document explains the logic behind the Scan A scoring matrices in plain language. It is designed for clients who want to understand how a candidate is technically evaluated before it reaches the daily selection process. No advanced chart-reading knowledge is required.

| BULL | RANGE | DEFENSIVE |
|---|---|---|
| Trend-friendly | Support-focused | Risk-sensitive |

# 1. WHAT THE SCAN A SCORE MEANS

A technical selection score - not a prediction of future return.

Scan A reviews each stock against a set of technical conditions. Every validated condition adds points, removes points, or has a neutral effect. The final score is simply the sum of those validated conditions.

> **The key idea**
> A higher score means that more of the matrix conditions are aligned with the current market mode. It does not mean that a stock is guaranteed to rise, nor does it estimate how far it may move.

What the score is designed to do

- Prioritize technically attractive setups from a larger watchlist.
- Reward favorable entry context such as support proximity, confirmation and liquidity.
- Penalize conditions that can reduce upside or increase timing and execution risk.
- Adapt the importance of the same signals to the current market regime.

What the score is not

- It is not a buy recommendation or a guarantee of profit.
- It is not a forecast of the percentage move a stock will make.
- It does not replace execution controls, position sizing, trailing protection or the other risk-management components of the SB-ITM ecosystem.

> **Current candidate threshold**
> In the standard Scan A configuration, candidates normally require a score of 23 or higher to qualify. A threshold is a selection filter: it does not turn a qualified setup into a certainty.

# 2. THE SEVEN SCORING BLOCKS

Scan A combines location, trend, momentum, confirmation, quality, potential and explicit penalties.

| BLOCK | WHAT IT MEANS | PRIMARY PURPOSE |
|---|---|---|
| **RANGE / LOCATION** | Where price sits inside its recent structure: proximity to support or resistance. | Support proximity can improve timing; resistance proximity can reduce upside. |
| **TREND** | Whether price is above its 200-day moving average and whether that long-term trend is rising. | Long-term market structure. |
| **MOMENTUM** | Short-term momentum, including RSI and proximity to the 52-week high. | Avoids weak or overextended conditions. |
| **CONFIRMATION** | Whether volume, rebound behavior or recent candles confirm the setup. | Evidence that the move has participation. |
| **QUALITY** | Liquidity and excessive-volatility checks. | Execution quality and tradability. |
| **POTENTIAL** | Whether the stock has sufficient recent price amplitude to offer room for a swing. | Room for movement. |
| **PENALTIES** | Explicit deductions for weak structure, low liquidity or lack of confirmation. | Keeps major risks visible in the total score. |

**Why both rewards and penalties?**
The matrix is intentionally asymmetric. A candidate can earn points for several positive signals, but a major structural weakness can remove many points quickly. This prevents one attractive feature from hiding a condition that the strategy considers materially unfavorable.

# 3. WHY THERE ARE THREE MATRICES

The same technical signal does not carry the same meaning in every market environment.

The active matrix changes the importance of the criteria. In a supportive market, Scan A can tolerate more short-term momentum and gives more credit to trend confirmation. In a defensive environment, the same setup is evaluated more strictly and downside-related penalties become heavier.

| MODE | OBJECTIVE | WHAT THE MATRIX REWARDS | WHAT IT PENALIZES MOST |
|---|---|---|---|
| BULL | Participate in trend continuation while controlling obvious excess. | Positive trend, support proximity, confirmation and constructive momentum. | Weak trend structure, resistance pressure, low liquidity and missing confirmation. |
| RANGE | Favor mean-reversion or support-based entries inside a sideways market. | Support and rebound quality, confirmation and sufficient room to move. | Resistance proximity, weak market structure and setups without confirmation. |
| DEFENSIVE | Preserve selectivity when market conditions are less forgiving. | Support/rebound evidence and reliable confirmation. | Overbought momentum, weak structure, low liquidity and poor risk/reward. |

A few concrete examples

- Below MA200: -20 in BULL, -40 in RANGE and -50 in DEFENSIVE. The weaker the environment, the less tolerance the matrix has for a broken long-term structure.
- RSI above 70: -4 in BULL, -8 in RANGE and -10 in DEFENSIVE. Overbought conditions become progressively less acceptable as the regime becomes more cautious.
- Two strong green candles: +2 in BULL, -2 in RANGE and -4 in DEFENSIVE. Momentum continuation can be constructive in a bull market but may represent short-term exhaustion in less supportive regimes.
- Rebound pattern: +8 in BULL and +9 in RANGE / DEFENSIVE. A credible rebound remains valuable across all modes, particularly when selectivity is high.

# 4. READING A CANDIDATE SCORE

A worked example shows how several small signals combine into one selection score.

Example: assume Scan A is operating in BULL mode and a hypothetical stock validates the conditions below. The figures are illustrative, but the arithmetic follows the real matrix.

| VALIDATED CONDITION | POINTS | INTERPRETATION |
|---|---|---|
| Near support | +8 | Favorable entry zone |
| Support distance <= 2% | +4 | Price is close to support |
| MA200 trending up | +2 | Trend confirmation |
| Weeks above MA200 >= 20 | +1 | Established trend |
| Volume confirmed | +8 | Move is validated |
| Rebound pattern | +8 | Bullish rebound |
| High liquidity | +1 | Easy execution |
| Sufficient amplitude | +1 | Tradable setup |
| Amplitude >= 10% | +2 | Additional movement potential |
| **ILLUSTRATIVE TOTAL** | **+35** | **Above the standard candidate threshold** |

**Important**
Only conditions actually validated by the scan are included. Negative conditions can reduce the score just as materially as positive conditions increase it. The score is therefore a structured balance of favorable and unfavorable evidence.

How to interpret the result

- A score at or above the configured threshold means the candidate has passed the technical-selection filter.
- The absolute score should not be treated as a probability of success or as an expected return.
- The score is most useful for ranking and filtering candidates evaluated under the same matrix on the same day.

# 5. PRACTICAL INTERPRETATION FOR CLIENTS

Use the score as a disciplined technical filter, not as a stand-alone trading signal.

What clients should focus on

- Regime first. Always read the candidate in the context of the active BULL, RANGE or DEFENSIVE matrix.
- Score second. The score indicates how well the setup fits that matrix at scan time.
- Reasons matter. Two stocks can have similar scores for different combinations of strengths and penalties.
- Risk remains separate. A qualified candidate can still fall after entry. This is why execution and risk-management controls remain essential.

Frequently asked questions

**Does a score of 30 mean a 30% expected return?**

No. The score is a weighted technical ranking, not a return forecast.

**Can a stock with a low score still rise?**

Yes. The matrix is selective by design. Markets can move for reasons that are not captured by the scan.

**Why can the same stock score differently from one day to the next?**

Price location, RSI, volume, volatility, support/resistance distance and other inputs evolve continuously. A regime change can also alter the weighting.

**Can scores be compared across regimes?**

Use care. The most meaningful comparison is among candidates evaluated under the same active matrix. The weighting philosophy changes with the regime.

**Why are some penalties so large?**

Large penalties represent conditions the system treats as structural or material risks. They are designed to prevent a collection of smaller positive signals from masking a major weakness.

# 6. QUICK REFERENCE

The most common technical terms used by the scoring matrices, explained in plain English.

| TERM | PLAIN-ENGLISH MEANING |
|---|---|
| **Support** | A price area where buying interest has previously appeared. Being close to support can offer a more favorable entry location. |
| **Resistance** | A price area where selling pressure has previously appeared. Being too close to resistance can reduce upside room. |
| **MA200** | The 200-day moving average. It is used as a long-term trend reference. Price behavior around it helps describe market structure. |
| **RSI** | Relative Strength Index, a momentum indicator. Very high readings can signal extension; very low readings can reflect weak or oversold conditions. |
| **52-week high** | The highest price reached during the previous 52 weeks. Being very close to it can mean less immediate upside room. |
| **Volume confirmation** | Evidence that price movement is supported by sufficient trading activity. |
| **Rebound pattern** | A technical recovery pattern suggesting that price has reacted positively from a lower area. |
| **Amplitude** | The size of the recent price range. Too little amplitude can limit swing-trading potential. |
| **Liquidity** | How easily shares can be bought or sold. Higher liquidity generally supports cleaner execution. |
| **Volatility flag** | A warning that price movement may be unusually large or unstable, increasing entry and risk-management difficulty. |

**Bottom line**

Scan A is a structured selection engine. Its matrices translate technical market context into a transparent score, while the adaptive weighting helps the same core criteria behave differently when market conditions change.

# Appendix A - BULL Scoring Matrix

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## SCORING MATRIX

### How the score is calculated

MODE: BULL

### RANGE

Near Support → +8 → Strong bullish entry zone
Support Distance ≤ 2% → +4 → Entry close to support

Near Resistance → -6 → Upside limited
Resistance Distance ≤ 2% → -4 → Resistance too close

### TREND

Price above MA200 → +0 → Mandatory trend filter
MA200 trending UP → +2 → Trend confirmation
MA200 trending DOWN → -8 → Weak market structure

Weeks above MA200 ≥ 20 → +1 → Established trend

### MOMENTUM

RSI < 35 → -3 → Weak momentum
RSI > 70 → -4 → Overbought risk

Distance to 52W High too close → -2 → Limited upside

### CONFIRMATION

Volume confirmed → +8 → Move validated
Volume not confirmed → -1 → Weak confirmation
Rebound pattern → +8 → Bullish rebound
Two strong green candles → +2 → Positive momentum

### QUALITY

High liquidity → +1 → Easy execution
Volatility flag → -3 → Excessive volatility risk

### POTENTIAL

Sufficient amplitude → +1 → Tradable setup

Amplitude ≥ 10% → +2 → Enough movement potential
Amplitude < 5% → -2 → Range too small

### PENALTIES

No confirmation signal → -5
Resistance too close → -6
Below MA200 → -20
MA200 not trending up → -8
Low liquidity → -12

Score = sum of all validated conditions

# Appendix B - RANGE Scoring Matrix

SB-ITM

## SCORING MATRIX

### How the score is calculated

MODE: RANGE

### RANGE

Near Support → +9 → Strong range entry zone
Support Distance ≤ 2% → +5 → Support proximity

Near Resistance → -10 → Bad timing
Resistance Distance ≤ 2% → -8 → Resistance too close

### TREND

Price above MA200 → +0 → Mandatory trend filter
MA200 trending UP → +1 → Mild trend support
MA200 trending DOWN → -12 → Weak market structure

Weeks above MA200 ≥ 20 → +0 → Neutral impact

### MOMENTUM

RSI < 35 → -2 → Weak momentum
RSI > 70 → -8 → Overbought risk

Distance to 52W High too close → -6 → Limited upside

### CONFIRMATION

Volume confirmed → +8 → Move validated
Volume not confirmed → -5 → Weak confirmation
Rebound pattern → +9 → Strong reversal signal
Two strong green candles → -2 → Short-term risk

### QUALITY

High liquidity → +1 → Easy execution
Volatility flag → -7 → Excessive volatility risk

### POTENTIAL

Sufficient amplitude → +1 → Tradable setup

Amplitude ≥ 10% → +1 → Additional movement potential
Amplitude < 5% → -4 → Range too small

### PENALTIES

No confirmation signal → -8
Resistance too close → -10
Below MA200 → -40
MA200 not trending up → -12
Low liquidity → -20

**Score = sum of all validated conditions**

# Appendix C - DEFENSIVE Scoring Matrix

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## SCORING MATRIX

### How the score is calculated

MODE: DEFENSIVE

### RANGE

Near Support → +9 → Defensive entry zone
Support Distance ≤ 2% → +5 → Support proximity

Near Resistance → -12 → Poor risk/reward
Resistance Distance ≤ 2% → -10 → Resistance too close

### TREND

Price above MA200 → +0 → Mandatory trend filter
MA200 trending UP → +0 → Neutral confirmation
MA200 trending DOWN → -15 → Defensive rejection

Weeks above MA200 ≥ 20 → +0 → Neutral impact

### MOMENTUM

RSI < 35 → -2 → Weak momentum
RSI > 70 → -10 → High overbought risk

Distance to 52W High too close → -8 → Limited upside

### CONFIRMATION

Volume confirmed → +8 → Move validated
Volume not confirmed → -7 → Weak confirmation
Rebound pattern → +9 → Strong defensive rebound
Two strong green candles → -4 → Short-term move

### QUALITY

High liquidity → +1 → Safer execution
Volatility flag → -9 → Excessive volatility risk

### POTENTIAL

Sufficient amplitude → +1 → Tradable setup

Amplitude ≥ 10% → +0 → Neutral impact
Amplitude < 5% → -5 → Range too small

### PENALTIES

No confirmation signal → -10
Resistance too close → -12
Below MA200 → -50
MA200 not trending up → -15
Low liquidity → -25

**Score = sum of all validated conditions**