

A.J.'s Finding Hot List Candidates Checklist

1 Capital Allocation Trigger

Run this process when:

- ☐ A trade closes
- ☐ Cash becomes available
- ☐ Exposure needs adjustment

Portfolio Check:

- ☐ Portfolio efficiently allocated
- ☐ Exposure aligns with market tone

2 Initial Screening (Broad Filter)

Screeners

- ☐ Ran structured watchlist screeners
- ☐ Reduced universe to manageable shortlist

Optional LLM Enhancement

- ☐ Used LLM for pattern clustering or range stability review

Naked Chart Pass (Daily Chart Only)

- ☐ Clear sideways structure visible
- ☐ Obvious support and resistance
- ☐ No recent structural breakdown

3 Pattern Validation (Deep Analysis)

For Each Candidate Identified by the Initial Screening:

Pattern Integrity and Behavioral Confirmation

- ☐ Pattern has repeated historically
- ☐ Structure is currently intact
- ☐ No recent volatility regime shift
- ☐ Volume supports the pattern
- ☐ Price structure aligns with expected behavior
- ☐ Indicators support (not contradict) the setup

Market Context Alignment

- ☐ Sector supports the pattern
- ☐ Broad market tone supports the pattern

Retracement Analysis

- ☐ Identified reversals
- ☐ Evaluated expansion and contraction forward and backward looking
- ☐ Found reversal-to-reversal contradictions
- ☐ Contradictions connected with linear regression trend and/or channel lines
- ☐ Evaluated trends for direction, maturity, and quality

Option Chain Evaluation

- ☐ Tight bid/ask spreads
- ☐ Appropriate strike spacing

Premium Selling Qualification (If Applicable)

For sideways channel candidates:

- ☐ Naked chart clearly moving sideways with no recent unstable breakout behavior
- ☐ Defined upper and lower boundaries with multiple touches of support and resistance
- ☐ Channel width greater than 10% of price
- ☐ Sideways structure visible across multiple timeframes
- ☐ Bollinger Bands reflect controlled movement (not tight, not expanding explosively)
- ☐ At least 20 daily candlestick bodies within the bands
- ☐ 5/10/20 EMAs overlapping (no persistent slope)
- ☐ Point & Figure confirms sideways bias
- ☐ Price by Volume concentrated within the range
- ☐ Dividend payer preferred (if applicable)

Trade Plan Definition (Required Before Hot List)

- ☐ Entry trigger defined
 - ☐ Bail-out defined
 - ☐ Target defined
 - ☐ Position size calculated
 - ☐ Portfolio impact reviewed
 - ☐ Primary Confirming Indicator identified and back tested
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Core Discipline Rules

- Patterns first.
- Primary Signaling Indicator must be back tested.
- No Hot List entry without full trade plan.
- Plan your trade and trade your plan.
- Capital deployed intentionally — never emotionally.