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What a Claim Has to Show

Professional Trading

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What a Claim Has to Show

Reading track records, advertisements and teachers in a business made of numbers

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A business where everything is provable

Most claims about professional skill are hard to check. A designer's portfolio shows the work that went well; a consultant's references were chosen by the consultant. Trading is different in a way that is easy to miss and worth stating plainly: the entire activity is denominated in numbers, and a regulated third party has already recorded every one of them.

	Most claims about skill	Claims about trading
What exists	Impressions, references, a portfolio of selected work.	A dated, itemised record held by a regulated third party.
What it means to refuse	Nothing in particular. There may be no record to give.	A record exists and is not being shown.

Why this subject is unusual. In most fields a claim about performance is hard to check; here the broker has already recorded everything that would settle it, which means an unproven claim is a choice rather than a limitation.

That changes what silence means. In a field with no records, an unproven claim may simply be unprovable. Here, a record exists — dated, itemised, and held by someone with no stake in the story being told. A claim that arrives without it has not run into a limitation; a choice has been made not to show it.

This paper is about the standard rather than the offenders. It names nobody, for two reasons: a list of names is out of date within a year, and a standard applies to everyone including people making claims in good faith — including, as the last section says, us.

> One thing to keep in view throughout. Very little of what follows requires anyone to be lying. Most of the patterns here are produced by ordinary selection, ordinary optimism and ordinary marketing, and they mislead just as effectively as deceit would.

02

The four claims, and what each needs

Almost everything you will be told in this field is a version of four claims. It is worth having them separated, because they need different evidence and are usually answered with the same photograph.

The claim	What would settle it	What is usually offered
I am profitable	a broker statement over a full period	a screenshot of one day
My method works	the rules, plus a record of every trade taken	the winners, narrated
My students succeed	outcomes of an entire cohort	testimonials from the ones who did
This returns X% a month	the same X across separate periods	one month, annualised

The four claims you will meet, and the evidence each one needs. Nothing in the right column is exotic — every item is something the claimant already has if the claim is true.

Read across the rows. Nothing in the middle column is difficult to produce for someone whose claim is true — a broker statement is a download, and a full trade list is a checkbox. Nothing in the right column is worthless either; it is simply an answer to a question nobody asked. A screenshot of a good day answers whether a good day happened.

The third row deserves particular attention because it is the one most often mistaken for evidence. Testimonials are collected from the people who stayed, and the people who stayed are the ones for whom it worked. The interesting number is not how many succeeded but how many started — and that number is almost never volunteered.

03

What a real record contains

Since a statement is the evidence in question, it is worth knowing what one contains and what each part is for. This is not accounting knowledge; it is six fields.

Field	Why it matters	What its absence hides
Account number and broker	makes the record attributable	whose account this is
Full date range	no cherry-picked window	the months left out
Every trade, in order	the losses are in there too	the ones that were skipped
Deposits and withdrawals	return is on capital, not on luck	money added to hide a drawdown
Fees and swap	net is what a person keeps	a gross curve that never existed
Peak-to-trough drawdown	the risk that produced the return	how close it came to zero

What a real statement contains, and what each field is for. A document missing any of these rows is not a lighter version of proof; it is a different document that answers a different question.

The fourth row is the one that turns an impressive curve into an ordinary one more often than any other. An account that rises steadily may be rising because it is being fed: deposits during a drawdown flatten the curve and disguise a loss as a plateau. Return is a percentage of capital, and capital that changed mid-period has to be accounted for or the percentage means nothing.

The last row is the one that is left out most deliberately. A return without a drawdown beside it is half of a ratio, and it is the half that sounds better. Thirty per cent in a year is an excellent result if the worst moment was down five, and an alarming one if the worst moment was down forty — and those two accounts look identical in every advertisement that quotes only the first number.

04

What a screenshot proves

The screenshot is the currency of this industry, so it deserves a careful answer rather than a dismissal. It does prove something. It proves less than it appears to, and the gap is structural rather than moral.

	What it shows	What it cannot show
About the trade	That this position was open and showing a profit at that moment.	Whether it was closed there, or at all.
About the trader	That the account existed on that date.	The other positions, the other accounts, and the other days.

What a screenshot of a profitable position actually demonstrates. Both cells on the right are true of screenshots taken in good faith, which is why the format is unsuitable as evidence rather than dishonest by nature.

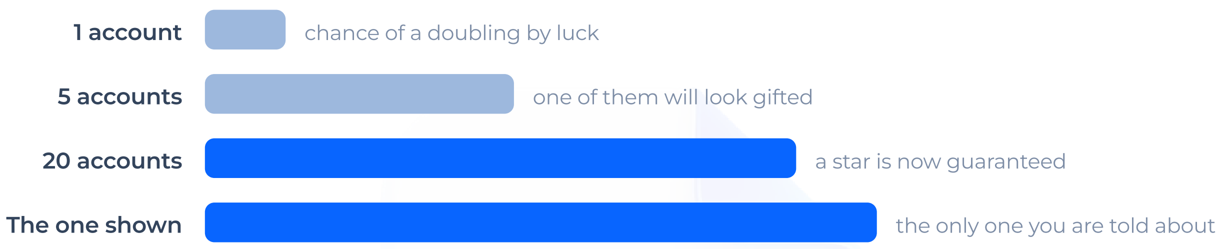
An image of an open position showing a large profit demonstrates that the position was open and unrealised at that moment. It does not show whether it was closed there, whether it was closed at all, or what happened to the other positions open at the same time — and an unrealised profit is not money. Everyone who has traded for a month has photographed a number they did not keep.

The deeper problem is that a screenshot is a sample of one chosen by the person who benefits from the choice. Even with no deception whatever, the images that get published are the good ones, because nobody photographs an ordinary Tuesday. The format cannot represent a distribution, and a distribution is the only thing that would settle the question.

05

Selection, which needs no dishonesty

The most effective way to produce an extraordinary record requires no falsification at all. It requires several accounts and the discretion to mention one.



Schematic of the oldest trick in performance reporting, and the one that requires no dishonesty at all: run several accounts, show the best. With enough accounts, an excellent record appears by arithmetic alone.

Run twenty accounts with an ordinary method and ordinary luck, and at the end of a year one of them will have a remarkable curve. That account is real, its statement is genuine, and every trade in it happened. Presenting it alone is not forgery; it is selection, and it is indistinguishable from skill unless you know how many accounts there were.

The same mechanism operates across time rather than accounts. A track record that begins in March, in a year that fell apart in February, is a selected period; so is a record that ends the month before the question is asked. The defence is a single question, and it is the least aggressive question in this paper: over what period, and were there others?

06

Percentages without a denominator

A percentage is a ratio, and a ratio needs a base. Removing the base is the most common transformation in this industry and the hardest to notice, because the result is still arithmetically true.

Statement	What it hides	Honest version
+300% this year	on what capital	+£900 on £300
+40% in a week	annualised from a single week	one good week, unrepeatable
Doubled the account	after three earlier accounts	the fourth attempt doubled
90% win rate	how large the losses are	90% win rate, negative expectancy

The same profit reported four ways. Every row is arithmetically true and only the first is informative; the rest are what a percentage becomes when the denominator is chosen after the fact.

Three hundred per cent is a genuinely impressive number and it is also nine hundred pounds on three hundred, which is not a career. Neither statement is false. The first is chosen because a percentage on a small base sounds like a percentage on a large one, and almost nobody asks which they are looking at.

Why a high win rate is the easiest impressive number to manufacture. Each bar is a real method; the tallest is the one people advertise, and it is the only one that loses money.

The win rate is the same trick in a different form. It is trivially easy to win ninety per cent of trades: take a tiny profit every time and let the losers run. The resulting record has a magnificent hit rate and negative expectancy, and it will be advertised with the number that sounds best. A win rate without an average win and an average loss beside it is not a statistic; it is a decoration.

07

Whose business is it

It is worth understanding how money is actually made around trading education, not to impugn anyone, but because a claim reads differently once you know what it is selling.

- **least reliable** — Trading the method: depends on the market and on the method.
- Selling signals: monthly, recurring, independent of results.
- Selling the course: paid once per student, at scale.
- **most reliable** — Affiliate commission on the broker the students open with.

The revenue a method can produce, in order of how reliably it arrives. This is not an accusation — it is the reason teaching and trading are different businesses, and the reason a teacher's record is worth asking for rather than assuming.

The ladder is ordered by reliability of revenue, and it inverts the ordering people assume. Trading a method produces income that depends on the market and on the method; selling the method produces income that depends on neither. That does not make teaching illegitimate — teaching is a real service, and someone can do both honestly — but it does explain why a teacher's own record is worth asking for rather than assuming, and why the request is so often treated as rude.

	Disclosed	Undisclosed
The recommendation	An opinion you can weigh against a stated interest.	An opinion that reads as neutral and is not.
What you can do	Check the broker on your own terms and decide.	Nothing, because you did not know there was anything to weigh.

The arrangement that most often goes unmentioned, and the two questions that resolve it. There is nothing wrong with being paid a commission; there is something wrong with a recommendation that does not disclose one.

The bottom rung is the one that is least often mentioned. Many recommendations of a particular broker are compensated per account opened, and often per unit traded thereafter. There is nothing wrong with that arrangement; there is something wrong with a recommendation that presents itself as a neutral opinion while carrying one. The fix is disclosure, and its absence is itself a fact about the source.

08

Curves from backtests

Automated strategies are sold with a curve, and the curve is usually the whole pitch. It is worth being exact about what such a curve establishes, because it establishes something real and much less than it appears.

	What it proves	What it does not
About the past	The rules, applied to this data, produced this curve.	That the rules were chosen without seeing this data.
About the future	That the logic is at least coherent enough to run.	That the same conditions will occur again.

What a backtested curve proves. The left column is genuinely valuable and the right is what people read into it, and the gap between them is where most automated strategies are sold.

A backtest proves that a stated set of rules, applied to a stated set of data, produced a stated result. That is genuinely useful: it shows the logic is coherent and that someone has done arithmetic rather than storytelling. What it cannot show is whether the rules were chosen before or after seeing that data — and if they were chosen after, the curve is a description of the past rather than a prediction of anything.

Question	A good answer	A bad sign
Was any data held out?	the last third, tested once	the curve covers all the data
What costs were applied?	spread, commission, slippage, named	'costs included' with no numbers
How many variants were tried?	a stated number, with the failures	one perfect version, no history
What was the worst drawdown?	a figure and its date	a curve with the y-axis cropped

The four questions that separate a backtest worth reading from a curve worth nothing. A vendor who has done the work has these answers ready; a vendor who has not will treat the questions as hostility.

The third question is the decisive one and the least often answered. If two hundred variants were tried and the best one is shown, the curve is the winner of a search rather than the output of an idea, and its future has no particular reason to resemble its past. A vendor who has held data back, counted the variants and can name the worst drawdown has done the work; one who treats these as hostile questions has told you something too.

09

Funded accounts, described plainly

A large part of the modern industry is evaluation programmes: pay a fee, pass a test on simulated capital, and trade a funded account for a share of the profit. The model is legitimate and widely used, and it produces a particular class of claim that is worth being able to read.

What is advertised	What it is	The question that clarifies
A funded trader	someone who passed an evaluation	how many attempts, and at what fee?
Payouts of X	a share of profit, after rules	what share, and what was withdrawn?
A pass rate	of those who paid to try	how many paid and did not pass?
Live results	sometimes simulated capital	is the capital real, and whose?

Funded-account programmes, described by their arithmetic rather than by their marketing. The model is legitimate and widely used; what matters is knowing which side of it a given claim comes from.

Every row is a place where an ordinary word does more work than it appears to. Funded trader describes someone who passed an evaluation, which may have been the first attempt or the ninth; a pass rate is a percentage of people who paid to try; a payout is a share of profit after rules that can be strict about drawdown and holding periods.

None of that makes the arrangement bad, and for a trader with a method and no capital it can be the most sensible route available. What it does mean is that a claim built on it needs the same four questions as any other: over what period, on what capital, with what drawdown, and how many attempts came first.

10

What regulation actually covers

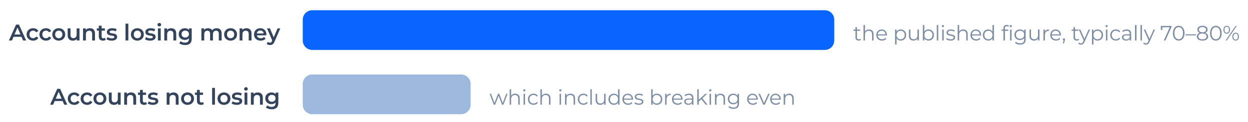
A great deal of reassurance in this industry is borrowed from the word regulated. It is worth knowing precisely what that word protects, because it protects something real and not the thing most people take it to mean.

Covered	Not covered
Your money held separately from the broker's	Whether a stranger's results claim is true
The broker reporting your trades accurately	Whether a course is worth its fee
A complaints process against the broker	Losses from your own decisions
Risk warnings being published	Anyone reading them

What a regulator standing behind your broker does and does not cover. The left column is real protection and worth having; the right is the part people assume is included and is not, and it is where nearly every loss in this paper occurs.

A regulator standing behind a broker is concerned with the broker: that client money is held separately from company money, that trades are reported accurately, that there is a route for complaints, and that risk warnings appear. Those matter, and a broker without them is a different order of risk from one with them.

What no regulator does is verify the person who told you about the broker. A course, a signal group, a mentor and a screenshot are outside that perimeter entirely, and the trust the word regulated creates is routinely transferred to them by proximity. The transfer happens quietly and nobody has to be lying for it to occur.



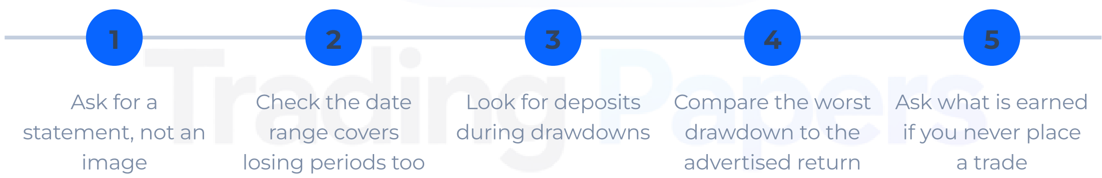
Schematic of the one number every regulated broker in several jurisdictions must publish, and which is printed on the same page as the advertisement. It is the most reliable statistic in this entire field and the least often read.

There is one exception worth naming, and it is the most reliable figure in this paper: in several jurisdictions a broker must publish the share of its retail accounts that lose money, and must place it beside its advertising. It is typically between seventy and eighty per cent. That number is audited, published by the counterparty rather than the salesman, and printed on the same page as the promise — and it is read by almost nobody.

11

The check, in order

All of the above collapses into a short procedure. It costs nothing, it takes a few minutes, and it is best done before any money moves rather than as a reaction to doubt.



The check, in the order that costs you least. Most claims fail at step two, and none of the steps requires expertise — only that the questions get asked before the money moves.

Most claims fail at the second step, and they fail quietly: the statement arrives and covers four months, all of them good. That is not proof of anything wrong — four good months happen — but it answers a different question from the one you asked, and noticing the difference is most of the skill here.

The last step is the one people forget. Ask what the person earns if you never place a trade. If the answer is the course fee and nothing else, the incentives are simple. If the answer includes a commission on your activity, they are not — and again, that is a fact to weigh rather than an accusation to make.

Instead of	Ask	Why it works
Are you actually profitable?	What period does your statement cover?	assumes the statement exists
Prove it.	Could you export the account history?	names the artefact, not the doubt
Is this a scam?	What do you earn if I never trade?	asks about structure, not motive
What returns will I get?	What was your worst drawdown, and when?	asks for the half that is missing

How to ask, written out, because the wording is what makes the difference between a question that gets answered and one that gets a lecture. Every phrasing here is neutral, short, and normal in any other industry.

Wording matters more than it should. The same request lands very differently depending on whether it sounds like an accusation or like ordinary due diligence, and the version on the right is both easier to ask and harder to refuse — because it takes for granted that the evidence exists, which is exactly what an honest claimant would expect you to assume.

Signal	Why it correlates with trouble
Urgency: closing soon, last places	a deadline prevents the checking
Lifestyle imagery instead of numbers	the evidence would be numbers if it existed
Returns quoted with no drawdown	half the ratio is missing
Hostility to questions	the questions are the ordinary ones
Guaranteed or risk-free	the words cannot be true here
Only private proof	verifiable evidence would be public

Signals that a claim is unlikely to survive checking. None is proof of anything on its own — each is a reason to ask one more question before money moves.

The signals in that table are not evidence and should not be treated as verdicts. Each is a reason to ask one more question. The last row is worth dwelling on: proof that exists only privately, shown only to those who have already paid, is not proof — verifiable evidence has no reason to be private.

12

Reading a teacher

Suppose the claims check out and you are choosing who to learn from. Five questions do most of the work, and none of them is confrontational.

Question	What a good answer sounds like
What does the method not work on?	a specific market, hour or condition
What is your worst period?	a date, a figure, and what changed after
How many students, and how many still trade?	numbers, including the ones that stopped
What do you earn besides tuition?	commissions and partnerships, named
What would falsify your claim?	a measurable outcome, stated in advance

Five questions to ask anyone teaching this, including us. None of them is aggressive, all of them are answerable in a sentence, and the pattern of answers tells you more than the answers do.

The pattern of answers matters more than any single one. Somebody who can immediately name what their method does not work on, and who their method is unsuitable for, is describing something they have actually run. Somebody for whom the method works everywhere, on every instrument, for everyone willing to apply themselves, is describing a product.

It is worth naming what honest looks like, because a standard that produces only suspicion is useless. Honest marketing in this field shows the drawdown next to the return without being asked, says plainly who should not do this, and quotes numbers where numbers are

	Honest	Hollow
About results	Shows the drawdown next to the return, unprompted.	Shows the return, and the drawdown when asked twice.
About the reader	Says who the method is unsuitable for.	Says anyone can do it with the right mindset.

What honest marketing in this field looks like, because a standard that only produces suspicion is not useful. The left column exists and is worth recognising when you see it.

the evidence. That exists. Recognising it is as much the point of this paper as recognising the alternative.

13

The same standard, turned inward

A standard of evidence applied only to other people is a debating technique. Applied to your own record it becomes bookkeeping, and it is considerably more useful.

Every line of that list is something a trader does to themselves. A return quoted without its period, a drawdown not written down, a deposit that quietly became performance, the skipped setups that never entered the record — each is the same distortion as the ones above, produced by the same mechanisms, with the difference that there is nobody else to blame and nothing being sold.

The last line is the one that separates a method from a belief. Saying in advance what would make you conclude the method has failed — a number of trades, a level of drawdown, a period of flat performance — converts trading from something you defend into something you test. It is also the question you should be able to answer if anyone applies this paper to you.

1. State your return with the period it covers
2. State the worst drawdown beside it
3. Count deposits as capital, not as performance
4. Report the trades you skipped as part of the method
5. Say what would make you conclude the method failed

The same standard turned inward, which is the only version of it that changes anything. Applied to your own record it is not scepticism but bookkeeping.

14

What this does not settle

Three limits, because a standard presented as a detector would be doing exactly what this paper objects to.

First, none of the signals here proves dishonesty. A person with an unverifiable claim may be careless, or private, or simply have never been asked; the correct response to a failed check is to decline to act on the claim, not to conclude anything about the claimant.

Second, a verified record proves the past and nothing else. A genuine three-year statement establishes that someone traded well for three years, which is a real and rare thing, and says nothing certain about the fourth. Verification lowers the chance of being misled; it does not transfer skill.

Third, this paper cannot make the checking happen. Every step in it is easy and free, and the reason they go undone is not difficulty but timing: they are asked to be performed at the exact moment when a person has already decided and is looking for permission. The only defence against that is to make the check a habit before there is anything to check.

Term	As used in this paper
Track record	An itemised account history over a stated period.
Denominator	The capital a percentage is a percentage of.
Drawdown	The fall from a peak to the following trough.
Selection	Choosing which accounts or periods to report.
Out-of-sample	Data withheld while the rules were chosen.
Expectancy	Average result per trade over a sample, after costs.

The terms this paper uses in a fixed sense. Several are used loosely in advertising; where that happens, the narrower reading here is the one intended.

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