KOT · INDEPENDENT STRATEGY VALIDATION

Strategy Validation Report

Strategy S-01: Intraday Mean-Reversion in Spot Gold (XAU/USD)

Report reference	ISV-2026-001
Report date	17 November 2026
Data period	4 January 2010 to 11 September 2026 (777 trades)
Scope	Data integrity, reproduction, performance, statistical significance, cost and execution analysis, regime analysis, selection bias, risk limits, execution venues, recommendations
Overall assessment	**Not validated for deployment at full size**
Classification	Confidential. Anonymised sample report

S-01 is a strategy developed by the founder of this service. It is published as an anonymised sample and was assessed under the same procedures and standards applied to client strategies. No result in this report was adjusted because of the strategy's origin.

This report describes the historical behaviour of a trading strategy under stated assumptions. It is not investment advice, a recommendation to trade, or a forecast of future returns. Past performance, whether simulated or actual, does not guarantee future results.

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1. Executive Summary

This report assesses S-01, a fully systematic intraday strategy in spot gold. It makes one decision per trading day at 15:30 UTC, fades the direction of the preceding 15-minute bar, and closes every position within 45 minutes. The developer supplied the source code, a trade log of 737 trades and a cost assumption of $0.35 per ounce round trip. We rebuilt the strategy from 389,762 raw price bars, tested it under three cost scenarios and five execution venues, and examined whether its historical results are likely to persist.

Overall assessment: not validated for deployment at full size. The backtest is an accurate and honest record of what the rules would have done, and the rules select days and directions better than chance. However, over the full 16.7-year history the strategy's gross edge (2.95 basis points per trade) is approximately equal to realistic trading costs. All net profit is concentrated in 2025 and 2026, the same period in which the final version of the rules was selected, and a large share of that profit depends on how stop-losses are modelled. The evidence available cannot distinguish a genuine edge that appears in volatile markets from a result produced by the selection process itself.

Table 1. Summary of findings

Area	Test	Result	Assessment
Data integrity	Independent reproduction from raw prices	737 of 737 trades identical on the developer's data	Pass
	Look-ahead test (data truncated at 2015 and 2023)	0% of past decisions changed	Pass
Signal quality	Comparison with 4,000 random strategies	None performed as well ($p < 0.0005$)	Pass (in-sample)
Economic edge	Average net result at $0.50/oz	−0.01 bp per trade; 52% probability that the true mean is ≤ 0	Fail
	Break-even cost	$0.575/oz, $0.075 above the base case	Fragile
	Profit concentration ($0.35/oz)	Best 10 trades = 163% of total profit	Fail
Persistence	Profitable calendar years ($0.50/oz)	5 of 17	Fail
	Correction for 27 tested variants	Deflated Sharpe probability 0.02	Fail
Execution	Hard stop orders instead of bar-close checks	2025–26 edge falls from +10.1 to +3.7 bp	Fail
	Net result at the cheapest venue (micro gold futures)	+0.93 bp (close stops); −0.96 bp (hard stops)	Marginal
Prop-firm fit	Two-step challenge, $100,000, 72 oz, 12 months per phase	Pass probability 1.4% (full history) to 65% (2025–26 regime)	Regime-dependent
Forward evidence	Sealed out-of-sample record	None	Not available

Principal recommendations (Section 13). The strategy should not be traded at full size on the strength of 2025–26. If the developer wishes to continue, the rules should be frozen, the stop mechanism defined as it will actually execute, real costs measured from broker fills, and a sealed forward test run at minimum size against pre-set stop criteria. Exploratory analysis suggests that wider hard stops and a volatility condition on entry are the design changes most consistent with the strategy's observed mechanism; both must be treated as new hypotheses and tested on data not yet seen.