RBC BlueBay
Asset Management



Why stop loss matters: a case study

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BlueBay fixed income platform: an analysis of stop-loss and target setting

Stop-loss and target setting rarely make for exciting reading, yet they sit at the heart of risk control which we believe is the backbone of consistent alpha generation. This paper sets out why stop loss is so crucial, by way of a case study in how we approach stop loss and target-setting across our fixed income platform at RBC BlueBay.

We explore whether, looking back, we have done a good job in setting stop-losses and targets for individual trades. Could the stop-loss or target setting be improved? Are we cutting losses too early, only for something to rebound, or are we taking off trades too early and leaving alpha on the table?

We have been helped in our analysis by our AI tools, which have fundamentally changed our scope for analysing our trading data. We are fortunate to have been maintaining a database of investment decisions, which records each idea's target and stop-loss and, importantly, how these evolved over the course of the trade; we will often alter the target or stop several times while holding a position.

Since 2018 our trade idea database (*which we call AlphaDecisionTool, or ADT*) has captured 7,966 investment decisions across 9 discrete alpha sources, together with 9,040 target revisions and 8,372 stop-loss revisions. At the end of September 2026, 957 decisions with an active (*non-zero*) conviction were live on the platform, alongside a further 1,046 held at zero conviction. In the past we have, of course, analysed our targets and stop-loss levels to see what can be improved; AI has made this analysis broader, deeper and much, much faster.

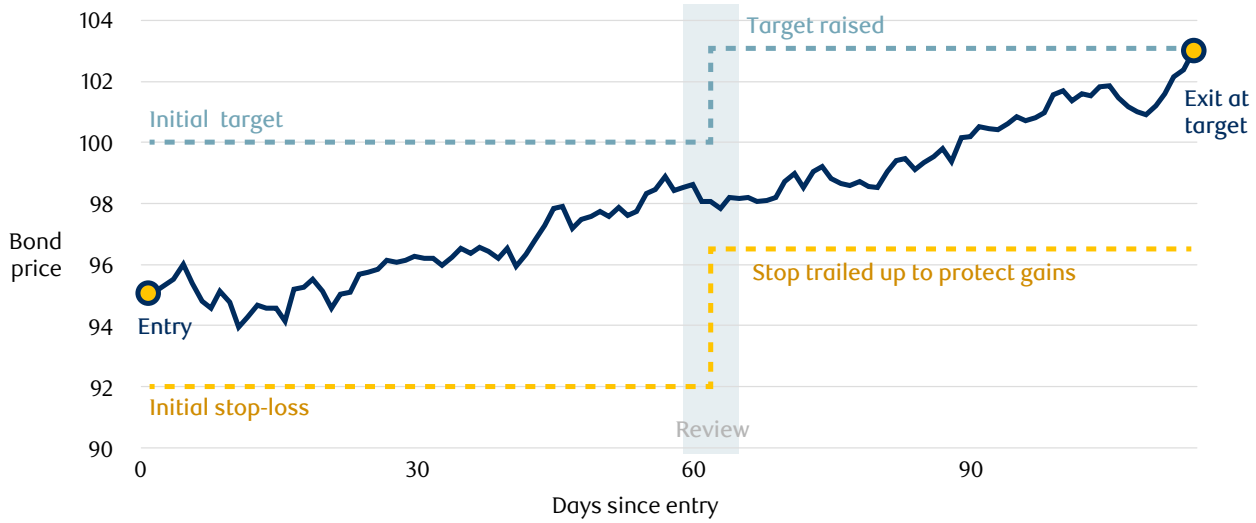
How does the BlueBay platform set targets and stop-loss levels?

We are not formulaic in setting targets and stop levels, and it is analysts who are primarily responsible for calibrating them. We don't apply a mechanical formula because we manage an array of credit and fixed income asset classes, and what works for one might not work for another. For example, a stop level on a high yield bond priced in points behaves differently from one on a sovereign based on spread or a currency trade.

For analysts setting targets and stops, our system provides volatility estimates, momentum and mean-reversion signals, and model-suggested target and stop levels for every trade idea, so that levels can be calibrated against how the instrument typically moves. The final level determination remains the analyst's, made with knowledge of the issuer and the market that they cover.

Targets and stops can be set on several metrics, including yield, spread, price, or relative to another index or security. Exhibit 1 depicts a stylised view of how this works in practice for a trade where targets and stops are set on the bond price. As the investment view plays out, the target is raised and the stop is trailed up behind the price, so that part of the gain is protected while the position is given room to run.

Exhibit 1: Target and stop illustration



Source: RBC Global Asset Management, November 2026, illustrative only.

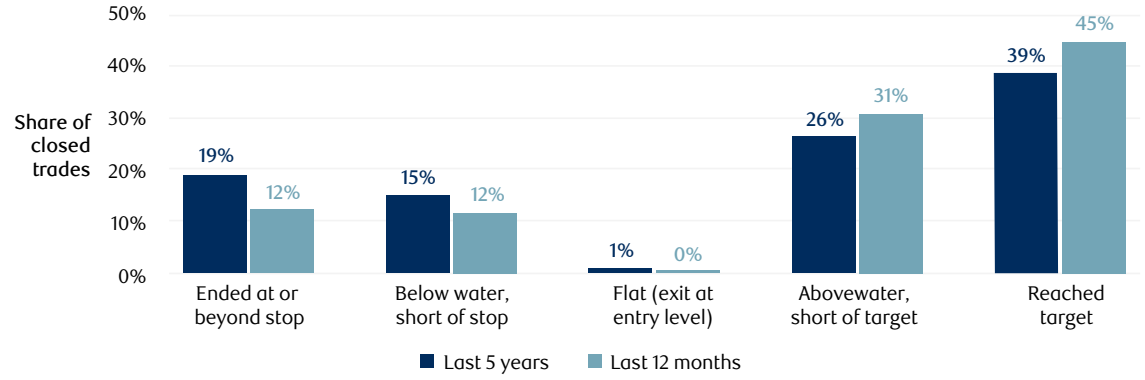
What happens when a trade hits a target or a stop?

Reaching a stop-loss triggers a decision: the position is closed, or the stop is formally reviewed. The stop is formally reviewed by the analyst responsible for the trade together with the portfolio manager. Reaching a target triggers the same choice in reverse: the gain is banked, or the view is reaffirmed and the target extended. Sometimes a trade reaches its target and is sold in favour of what is, in our view, a better risk-adjusted opportunity. It is fairly common for market momentum to push the sold security a little further after sale; however, in our view the further gain at that point is typically small next to the gain already secured, and the capital is better recycled into a fresh opportunity.

The track record in one picture

Before looking at stops and targets individually, it is worth asking the simplest question of all: how did our trade ideas perform? Using the standard classification the BlueBay platform applies to every trade in AlphaDecisionTool (*ADT*), 65% of the 4,520 trades we closed over the last five years ended above water, meaning they closed at a better level than the one at which they were opened, and 39% went on to reach their initial target. In the last 12 months the picture was stronger still: 76% closed above water and 45% reached their target. Losses were contained by the stop: for every trade that ended at or beyond its stop, 2.1 trades reached their target over five years, and 3.7 in the last 12 months.

Exhibit 2: How our closed trades ended



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Trades closed in the five years to 30 September 2026 (*4,520*) and the last 12 months (*832*). RBC BlueBay standard ADT trade classification; unweighted; outcome measured on the decision level, not P&L. Flat exits (*exit level equal to the entry level*) are shown as a separate bar, so each window sums to 100%.

We would note that Exhibit 2 is not a measure of alpha: it is unweighted, and some of our positions are much larger or smaller than others. It does, however, show the shape we want an investment process to produce: many ideas reaching their targets and losses held close to the level we set at the outset.

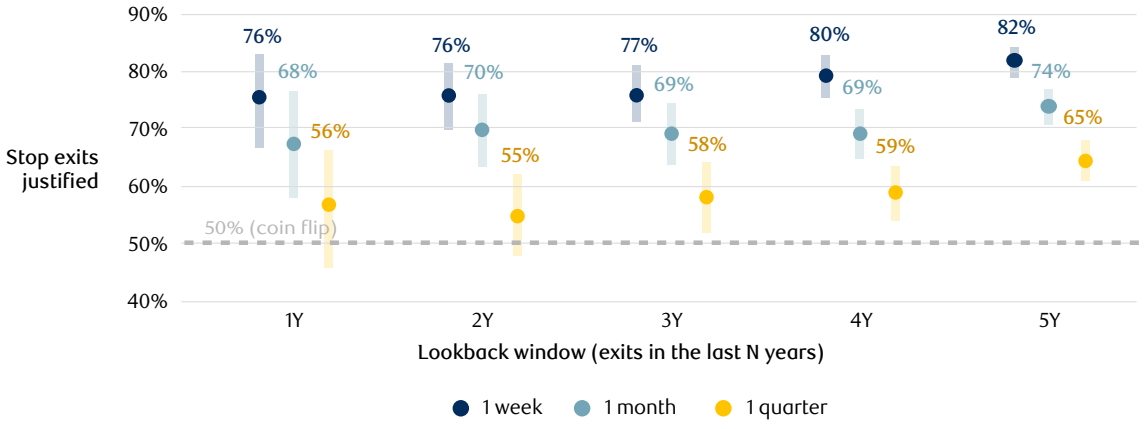
Over the following pages we deep dive into stop-loss setting (*Part 1*) before moving to target setting (*Part 2*).

Part 1: Stop-loss analysis

Do our stop-losses protect capital?

A stop-loss exit is justified if, after we closed the position, the market kept moving against the view, so that holding on would have cost more. Over the five years to September 2026 we analysed all 799 stop-loss exits across the platform: every trade we closed once its level had reached the stop in force at the time (see *Methodology*). In total 82% of them were followed by further deterioration within one week, 74% within one month and 65% within a quarter. A coin flip would score 50%; the probability of a result this strong arising by chance is vanishingly small (*below one in a billion*[1]). The result is also stable: whichever lookback we choose, from one year to five, at least three in four stop exits were vindicated within a week (*Exhibit 3*).

Exhibit 3: Share of stop-loss exits followed by further deterioration



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Shaded bars show 95% confidence intervals. Lookback windows overlap.

[1] Based on a one-sided binomial test against a 50% success rate: for example, 621 of 758 stop exits were justified at one week. Because stop exits tend to cluster in sell-offs, we also ran a stricter test that counts each calendar month only once: in 53 of the 57 months in which the stop exits were not evenly split, the majority were justified within a week. That result, too, is less likely than one in a billion to arise by chance, as is the equivalent one-month result (52 of 55 months).

Exhibit 4: Stop-loss exits followed by further deterioration, by lookback

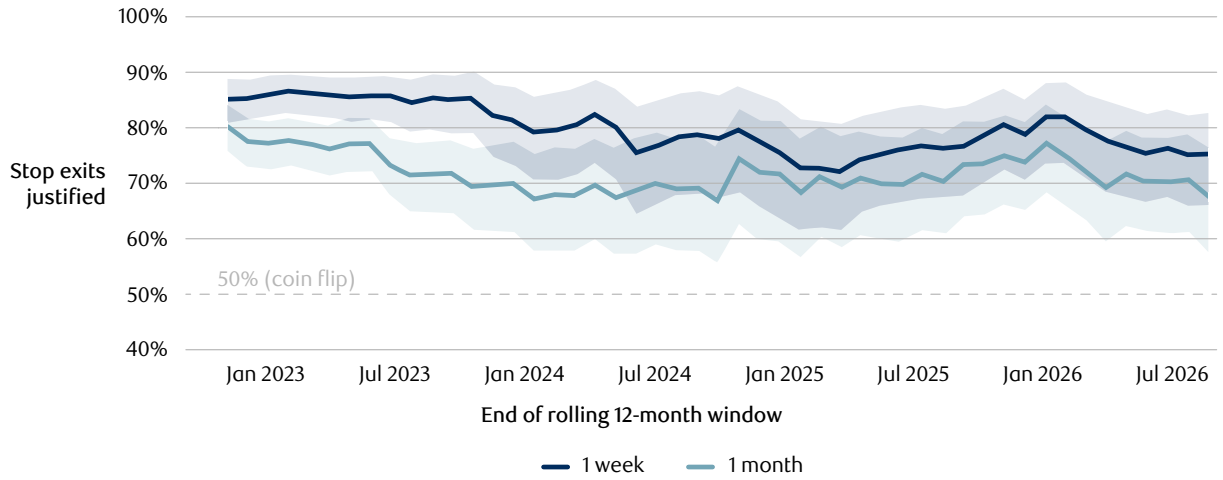
Lookback	Stop exits	1 week	1 month	1 quarter
Last 1 year	115	76% (78/103)	68% (64/94)	56% (48/85)
Last 2 years	222	76% (157/206)	70% (137/195)	55% (102/185)
Last 3 years	305	77% (215/281)	69% (186/268)	58% (149/256)
Last 4 years	467	80% (348/437)	69% (292/421)	59% (238/405)
Last 5 years	799	82% (621/758)	74% (549/742)	65% (460/712)

Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Each cell shows % justified (*justified / exits with a price at that horizon*). Horizons not yet elapsed at 30 September 2026 are excluded.

Consistent through time

The result is not the product of one favourable period. On a rolling 12-month basis, the share of stop exits followed by further deterioration within a week has never fallen below 72% over the last four years, and within a month never below 67% (*Exhibit 5*). In every calendar year of the period the one-week figure was between 75% and 86%, through rate hikes, credit stress, and recovery alike.

Exhibit 5: Stop-loss exits justified, rolling 12 months

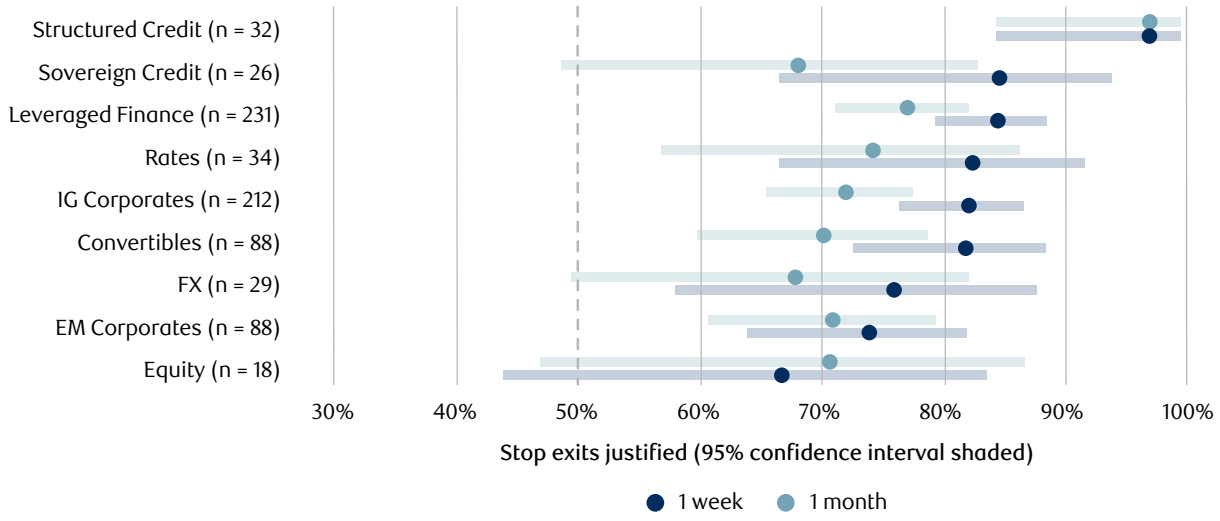


Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Each point covers stop exits in the 12 months to that date. Shading shows 95% confidence intervals.

Consistent across the platform

The effect is not confined to one part of the business. Over five years, every one of our 9 discrete alpha sources with a meaningful number of stop exits was above 50% at one week, and 39 of the 41 desk-and-lookback combinations at one week were above 50% (*Exhibit 6*). That consistency across leveraged finance, investment grade, emerging markets, structured credit, rates, FX and convertibles is what we would expect if the discipline is genuinely embedded in the process rather than the preserve of a few individuals.

Exhibit 6: Stop-loss exits justified, by desk (*last five years*)

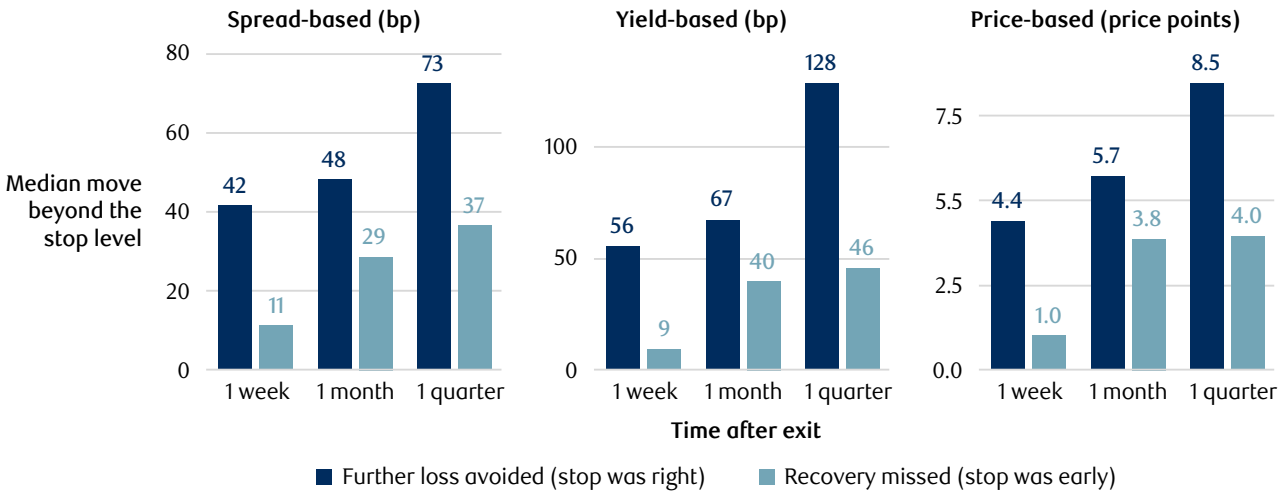


Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Desks with at least 10 stop exits. n = exits with a one-week price.

When stops are right, it matters more

Hit rates tell only half the story; the size of the moves matters too. When our stop was right, the market typically kept moving a long way. For spread-based decisions the median further move beyond the stop was 42bp after a week and 73bp after a quarter. On the less frequent occasions when the market recovered, the recovery we gave up was much smaller: 11bp after a week and 37bp after a quarter. The pattern is the same for price-based decisions (*4.4 points avoided against 1.0 points forgone after a week*). Yield-based decisions show the widest gap: 56bp avoided against 9bp forgone after a week, and 128bp against 46bp after a quarter. Our stops are right more often than not, and when they are right the loss avoided is larger than the rebound missed when they are early.

Exhibit 7: Size of the move after a stop-loss exit: loss avoided vs recovery missed

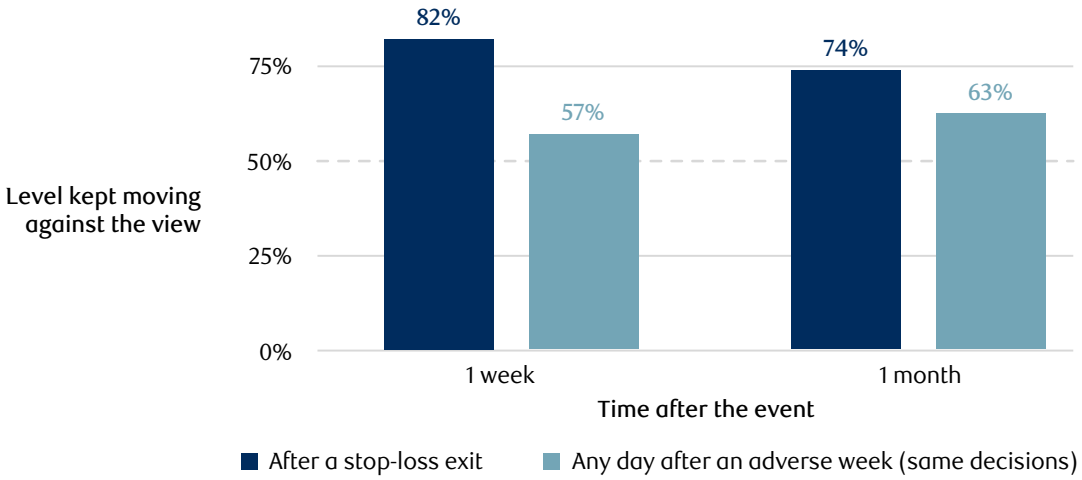


Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Five-year lookback. Median move measured from the stop level, in each decision's own units.

Is this simply momentum?

A sceptic might argue that markets which have just moved against a position tend to keep doing so, and that any stop rule would look good. We tested this directly. For the same decisions, while they were live, we measured how often the market kept moving against the view after any day that followed an adverse week. That baseline was 57% over the next week and 63% over the next month. After our stop-loss exits the equivalent figures were 82% and 74%, an advantage of 25 and 11 percentage points. The stops are not just catching momentum; they are identifying the occasions when deterioration has further to run, in the weeks immediately after exit when a stop-loss matters most.

Exhibit 8: Stop-loss exits vs a momentum-matched baseline



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Five-year lookback. Median move measured from the stop level, in each decision's own units.

Through market stress

Stops matter most when markets are under stress. Exhibit 9 looks at every stop-loss exit in the weeks around the main stress episodes of the last five years. In each episode the large majority of stop exits were followed by further deterioration within a week (*between 81% and 88%*). This is precisely when a disciplined exit protects capital: when the market is moving fast and the temptation to hope for a recovery is greatest. Over the following quarter, outcomes were more mixed, as markets rebounded after some of these episodes.

Exhibit 9: Stop-loss exits followed by further deterioration during stress episodes

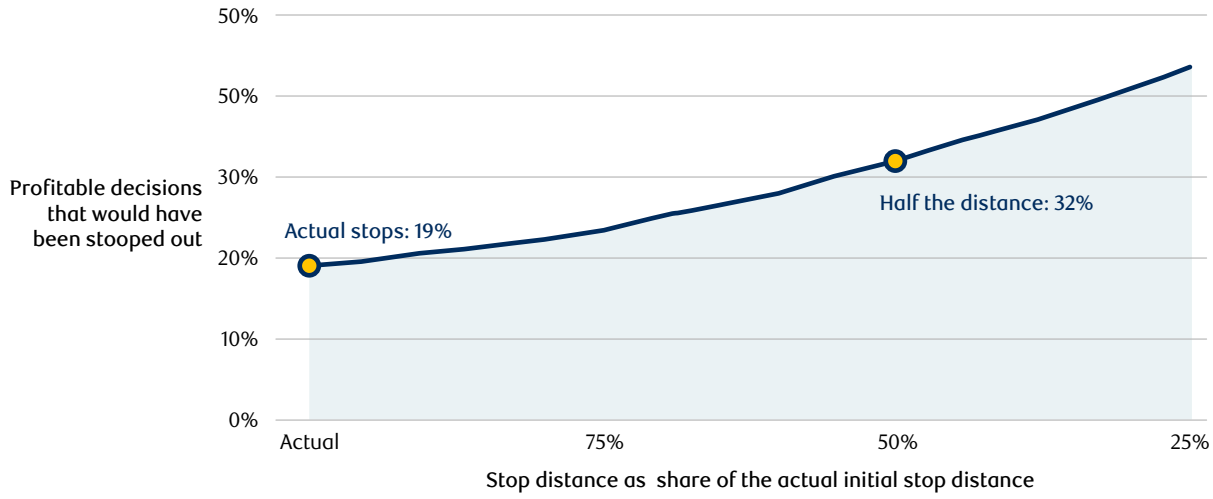
Episode	Stop exits	1 week	1 month
Russia–Ukraine war (Feb–Mar 2022)	34	88% (30/34)	71% (24/34)
UK gilt / LDI crisis (Sep–Oct 2022)	54	85% (46/54)	63% (33/52)
SVB and Credit Suisse (Mar–Apr 2023)	16	81% (13/16)	88% (14/16)
US tariff shock (Apr 2025)	20	85% (17/20)	75% (15/20)
Last 5 years	799	82% (621/758)	74% (549/742)

Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Stop exits with an exit date inside each window (*Russia–Ukraine war 24 Feb 2022 to 31 Mar 2022; UK gilt / LDI crisis 23 Sep 2022 to 31 Oct 2022; SVB and Credit Suisse 08 Mar 2023 to 15 Apr 2023; US tariff shock 02 Apr 2025 to 30 Apr 2025*). Episodes with fewer than 10 stop exits are not shown.

Are our stops in the right place?

A stop that is too tight protects capital but kills good ideas before they have had time to work. We tested how our stops would have fared had they been set closer. Using the full daily price path of every decision closed in the last five years, we asked how many of the decisions that ultimately made money would have been stopped out by a tighter stop. With the stops we actually set, 19% of eventual winners had at some point moved as far as their initial stop before going on to make money. Halving the stop distance would have raised that to 32%, and a stop at a quarter of the distance to 44% (*Exhibit 10*). Our analysts' stops are set wide enough to let sound ideas absorb normal market noise, while still triggering in the face of genuine deterioration, as the previous section showed.

Exhibit 10: Profitable decisions that a tighter stop would have cut



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Decisions closed with a gain in the last five years (2,940). Based on the maximum adverse move over each decision's life relative to its initial stop distance.

Part 2: Target analysis

Banking gains: the cost of discipline is small

When a target is reached, our analysts face a choice. If the opportunity has run its course, they bank the gain and recycle the risk into a better idea. If their conviction has strengthened, they extend the target and stay with the position.

Analysing our efficiency in target setting is, in many ways, more complex vis-à-vis stop-losses. The reason is markets tend to have momentum and we would expect that when we take a trade off which has hit its target, the security will most likely continue to drift up i.e. we do not expect a sudden turn. This means we of course could have made more alpha on that trade.

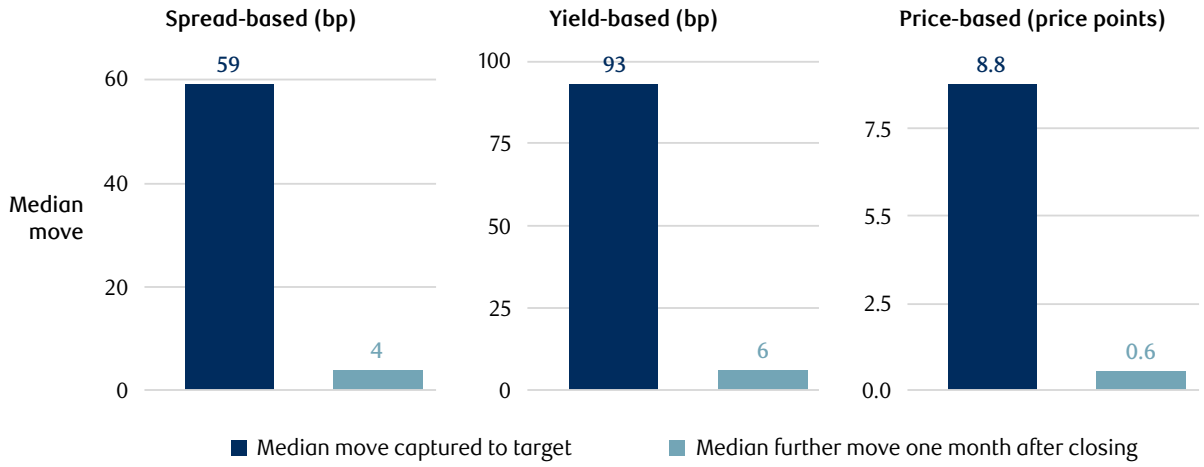
As an aside, not every trade ends at its target or its stop: 42% of the trades we closed over the last five years were closed before reaching either level, more than three in five of them in profit. Some are carry-oriented positions, held mainly for their income rather than for a move to the target; others are closed when the investment case changes or a better opportunity arises. We look at these trades in more detail in the Appendix.

However, when we recycle risk we do so into trades we expect to produce alpha faster. So perhaps one way to think about this is when we take a trade off that reaches target, we believe that rate of alpha produced on that trade is lower than a new trade.

When a gain is banked at target, it is common for momentum to carry the market a little further; in about two-thirds of cases the market was still beyond the target a week later. This is the price of taking profits in an orderly way, and Exhibit 11 shows how small it is. For spread-based decisions that reached their target, the median move captured was 59bp; a month after closing, the median further move was just 4bp. For price-based decisions the comparison is 8.8 points captured against 0.6 points of further move. For yield-based

decisions it is 93bp captured against 6bp. In other words, the gain left on the table was a small fraction of the gain already secured, and the capital released was redeployed into fresh opportunities, consistent with our view that the balance of risk at a target typically favours taking profit.

Exhibit 11: Move captured at target vs further move after closing



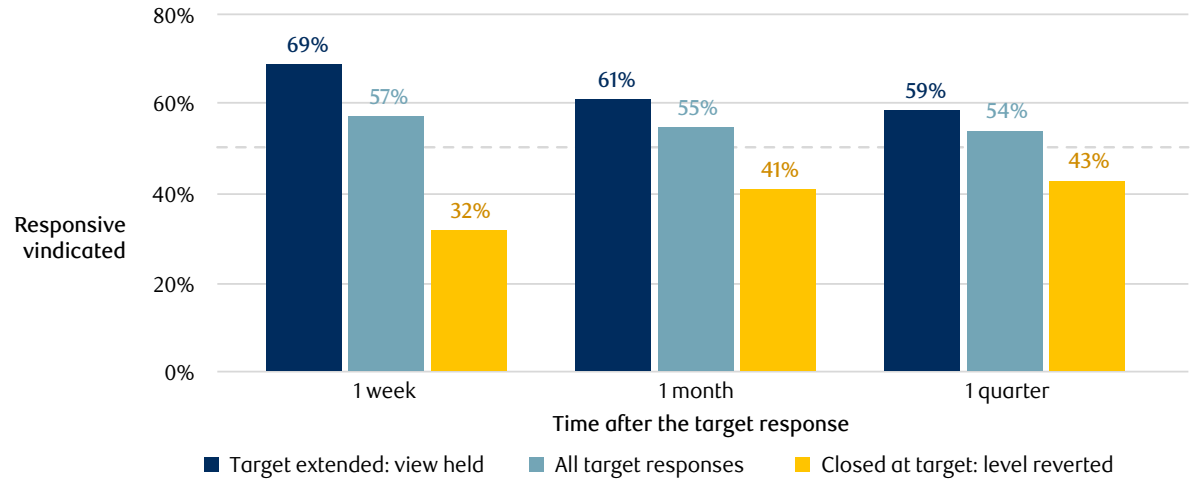
Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Five-year lookback. Medians, in each decision's own units.

Two ways to respond to a target

Banking the gain and extending the target are both legitimate expressions of the same discipline, so we assess them together, while showing each separately. Over five years we recorded 1,421 closes at target and 3,030 target extensions.

Judged together, the response to a target was vindicated 57% of the time after a week, 55% after a month and 54% after a quarter. The extensions stand out: 69% of the time the market held beyond the original target a week later, and 59% a quarter later. Within a quarter, 27% of extended positions had already reached their new, more ambitious target. These are the occasions when our analysts recognised that a view had further to run, and they were right more often than not at every horizon. The picture is the same over the full history of ADT since January 2018 (*2,291 closes at target and 4,872 extensions*): extensions held beyond the original target 72% of the time after a week and 61% after a quarter, and the combined figure was 59%, 56% and 55%.

Exhibit 12: Responses to a target: extensions, closes and the combined result



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Five-year lookback. An extension is vindicated if the level holds at or beyond the original target; a close if the level reverts from the target. Each response counts once.

The success of extensions is broad-based. Every one of our 9 asset classes saw the market hold beyond the original target more often than not a week after an extension, led by rates (87%), structured credit (80%) and sovereign credit (78%). And the typical extended position kept its gains: at every horizon, the median market level remained beyond the original target, by 5bp a week later and 5bp a quarter later for spread-based decisions, and by 1.0 and 1.2 points for price-based decisions. Extending a target, in other words, has typically meant keeping a gain and giving it room to grow, not giving it back.

Following each extended trade through to its eventual exit tells the same story. Of the 1,138 trades whose target we extended in the last five years and which have since closed, 83% closed above water and 73% closed at or beyond the original target, keeping the gain that had prompted the extension; 54% closed at or beyond the new, more ambitious target, and only 10% ended at their stop. On every one of our 9 desks with at least 10 such trades, at least two-thirds closed above water.

Conclusion

We began with two questions.

- **1. Are we cutting losses too early?**

  The evidence says not: 82% of stop-loss exits were followed by further deterioration within a week and 74% within a month, the loss avoided when a stop was right was larger than the rebound missed when it was early, and tighter stops would have cut far more of the ideas that went on to make money.

- **2. Are we taking trades off too early and leaving alpha on the table?**

  Rarely in any meaningful way. Where conviction remained, our analysts extended their targets, and 83% of those trades closed above water; where they banked the gain, the further move was a small fraction of what had already been captured.

Looking back over five years and more than 4,500 closed trades, the evidence supports the way we set and manage targets and stop-losses. Our stops protect capital: they are usually followed by further deterioration, the losses they avoid are larger than the rebounds they occasionally miss, they hold up through the cycle and in periods of market stress, and they are set wide enough to give good ideas room to work. Our response to targets adds value: when conviction is strong we extend, and the market has usually proved us right; when we bank gains, little is left on the table. And the discipline is real: breaches are acted upon within days, and adherence is built into how our investment professionals are assessed and paid.[2]

No framework is perfect of course, and we are always looking to refine our process to maintain our edge!

[2] Since 2023 the median breach of a stop or target has been acted upon, by closing the trade or by formally revising its target, stop or conviction, within 2–3 business days (*Methodology*). Adherence is part of each investment professional's scorecard: the Alpha Source Score, typically 30% of the total, is reduced when the average time in breach exceeds five days and falls to zero at 25 days.

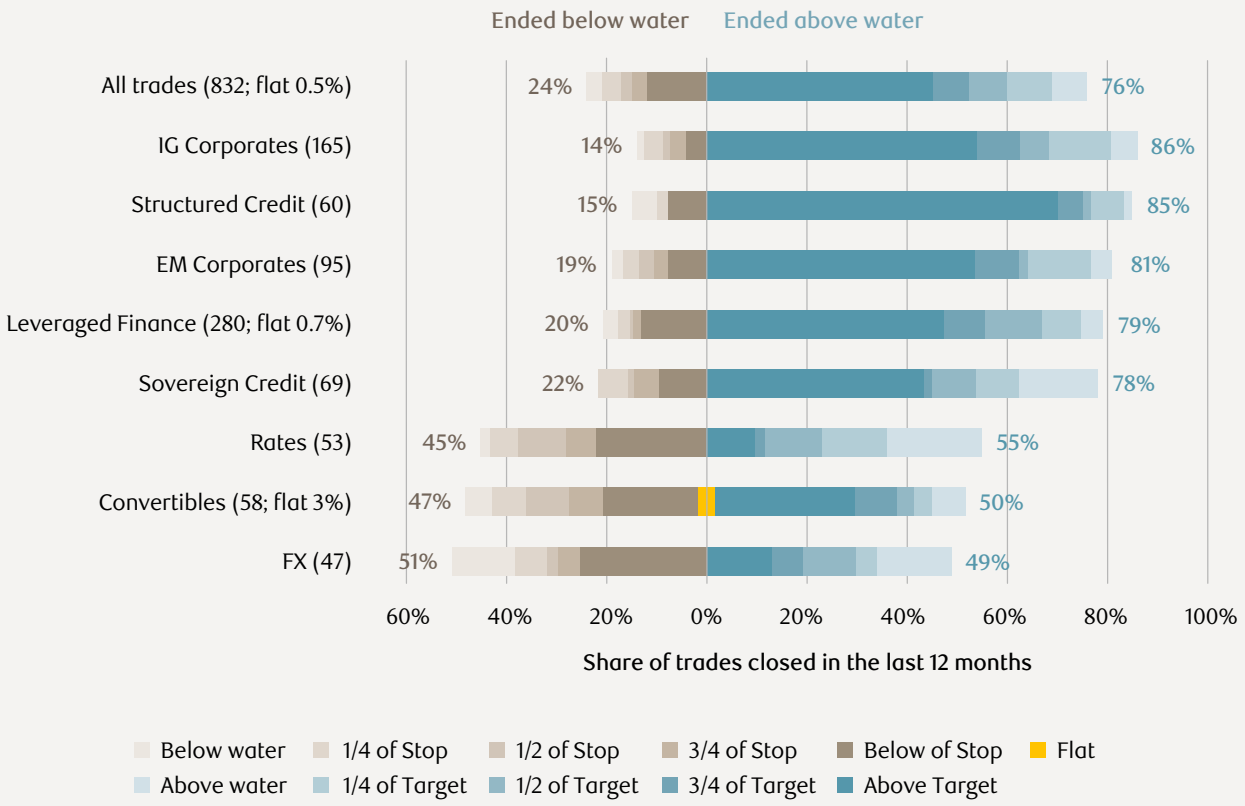
Appendix

Success distribution over past 12 months

The chart below shows the Success Distribution for the last 12 months (*Exhibit A1*). Convertibles, FX and rates are more symmetric and this reflects that some investment views didn't come to fruition. Naturally we wouldn't expect every asset class to show overwhelming asymmetry on a rolling 12-month basis.

We would note that the chart below is not overly useful for estimating alpha as it is unweighted, and some of our trades have much larger/smaller weights than others.

Exhibit A1: Success distribution, trades closed in the last 12 months



Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Trades closed in the 12 months to 30 September 2026, by desk (number of trades in brackets); desks with at least 10 trades. RBC BlueBay standard ADT trade classification: each side is divided into quarters of the distance from entry to the initial target or stop. Flat exits (exit level equal to the entry level) are shown in grey at the centre, with their share in brackets, so each row sums to 100%; unweighted.

Stop-loss analysis using 3 years of data

Analysis based on the entire BlueBay platform. 305 trades were closed out at their stop over the period, 281 of them with a one-week price. 77% of exit decisions were favourable on a one week horizon. 69% of exit decisions were favourable on a one month horizon.

Exhibit A2: Stop-loss exits by desk, last three years

Desk	1 week	1 month	1 quarter
Convertibles	69% (27/39)	58% (22/38)	43% (15/35)
EM Corporates	64% (18/28)	54% (14/26)	38% (10/26)
Equity	50% (2/4)	67% (2/3)	67% (2/3)
FX	70% (14/20)	58% (11/19)	59% (10/17)
IG Corporates	75% (46/61)	63% (38/60)	58% (33/57)
Leveraged Finance	82% (74/90)	81% (70/86)	70% (59/84)
Rates	82% (14/17)	79% (11/14)	54% (7/13)
Sovereign Credit	92% (11/12)	75% (9/12)	58% (7/12)
Structured Credit	90% (9/10)	90% (9/10)	67% (6/9)
All desks	77% (215/281)	69% (186/268)	58% (149/256)

Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Each cell shows % of stop-loss exits followed by further deterioration (*justified / exits with a price at that horizon*). Excludes Asset Allocation.

Stop-loss analysis using 5 years of data

Analysis based on the entire BlueBay platform. 799 trades were closed out at their stop over the period, 758 of them with a one-week price. 82% of exit decisions were favourable on a one week horizon. 74% of exit decisions were favourable on a one month horizon.

Exhibit A3: Stop-loss exits by desk, last five years

Desk	1 week	1 month	1 quarter
Convertibles	82% (72/88)	70% (61/87)	61% (50/82)
EM Corporates	74% (65/88)	71% (61/86)	64% (52/81)
Equity	67% (12/18)	71% (12/17)	65% (11/17)
FX	76% (22/29)	68% (19/28)	58% (15/26)
IG Corporates	82% (174/212)	72% (151/210)	65% (132/204)
Leveraged Finance	84% (195/231)	77% (174/226)	67% (146/217)
Rates	82% (28/34)	74% (23/31)	53% (16/30)
Sovereign Credit	85% (22/26)	68% (17/25)	48% (12/25)
Structured Credit	97% (31/32)	97% (31/32)	87% (26/30)
All desks	82% (621/758)	74% (549/742)	65% (460/712)

Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Each cell shows % of stop-loss exits followed by further deterioration (*justified / exits with a price at that horizon*). Excludes Asset Allocation.

How often do trades reach their target or stop?

Exhibit 2 classified every closed trade by where it ended. Here we look more closely at how many trades actually reach their target or their stop, and how many are closed before either. Judged at exit, against the initial target and stop, 39% of the 4,520 trades closed over the last five years ended at or beyond their target and 19% at or beyond their stop. The remaining 42% were closed in between: 26% of all trades in profit, 15% at a loss and 1% flat (*Exhibit A4*). Judged over the whole life of the trade, 54% touched their target at some point and 41% their stop, often after one or the other had been revised, while 28% never touched either. Those trades were typically short-lived, with a median life of 64 business days against 196 for trades that touched either level, and 69% of them still closed above water.

The share closed before either level varies by desk and by type of trade in the way we would expect. It is highest for FX (70%) and rates (57%), where positions are typically held for much shorter periods: a median of 37 and 63 business days, against more than 160 for each of our corporate and structured credit desks. Carry-oriented trades also stand out. Of the 560 trades our leveraged finance team records as core income positions, held primarily for their income, 55% were closed before reaching either level, against 41% for all other trades, and 41% never touched either level during their life, against 26%. For these trades much of the return comes from the income earned while the position is held, which the level-based measures in this paper do not capture; the share closed in profit shown here therefore understates their contribution.

Exhibit A4: How closed trades ended, by desk and type (*last five years*)

Desk / type	Trades	At target	At stop	In between	...in profit	Days held
All trades	4,520	39%	19%	42%	62%	149
FX	263	14%	17%	70%	70%	37
Rates	224	22%	21%	57%	77%	63
Convertibles	304	25%	30%	45%	49%	189
Leveraged Finance	1,438	37%	18%	45%	57%	183
Sovereign Credit	297	43%	13%	44%	76%	105
IG Corporates	1,072	43%	19%	38%	67%	162
EM Corporates	569	49%	20%	32%	58%	175
Structured Credit	308	59%	12%	29%	62%	172
Equity	45	42%	31%	27%	42%	559
Core income (*carry*)	560	27%	18%	55%	49%	190
All other trades	3,960	40%	19%	41%	65%	141

Source: RBC Global Asset Management, ADT decision database, as at 30 September 2026. Trades closed in the five years to 30 September 2026. At target / at stop: exit at or beyond the initial target / stop. In between: closed before reaching either; ...in profit: share of those closed above water. Days held: median business days from entry to exit. Core income: leveraged finance positions recorded in ADT as core income. Level-based; carry not included.

Methodology

Data. All results are drawn from RBC BlueBay's Alpha Decision Tool (*ADT*) decision database, as at 30 September 2026, using official, non-draft decisions with a directional view. Daily decision levels are the ADT calculated levels. Asset Allocation decisions are excluded throughout. Results are equal-weighted by decision: they measure the quality of investment decisions, not portfolio returns, and take no account of position size, carry or transaction costs. The platform totals in the introduction cover our 9 alpha sources and decisions with a non-zero conviction; 5 commodity decisions, all closed in 2019, are not included, and decisions live at zero conviction are reported separately.

Lookbacks and horizons. Results are shown for exits in the last one to five years (*lookback windows overlap, so the five-year figures include the shorter windows*) and measured one week (*7 days*), one month (*30 days*) and one quarter (*90 days*) after the event, using the last business day on or before that date. A horizon is scored only once it has fully elapsed by 30 September 2026.

Trade outcomes (*Exhibits 2, A1 and A4*). Closed trades are classified with RBC BlueBay's standard ADT hit-rate methodology (*QCore calcADTHitRates, trade level*): each complete trade with a valid set-up is judged on its initial target, stop and entry level and on its exit level. A trade runs from the point at which a conviction is set until the position is closed; revising its target or stop, however often, does not start a new trade. A trade is above water if its exit level was better than its entry level in the direction of the view (*for example, a spread tighter than at entry for a long credit position*) and below water if it was worse; it reached its target (*stop*) if the exit level was at or beyond the initial target (*stop*). Exhibit A1 divides each side into quarters of the distance from entry to the target or stop. A trade touched its target (*stop*) if ADT recorded a breach of the target (*stop*) in force at the time at any point during its life. Windows are by exit date. Elsewhere, decisions that "made money" are those whose exit level was beyond their entry level in the direction of the view.

Stop-loss exits. A closed decision whose stop-loss was breached during its life and whose level was at or beyond the stop in the seven days before exit. The exit is justified if, at the horizon, the level had moved further beyond the stop in the adverse direction. The size of the move is measured from the stop level, in the decision's own units (*basis points for spread and yield decisions, price points for price decisions*); medians are reported.

Target responses. A close at target is a decision closed after its target was breached, judged vindicated if the level subsequently reverted from the target. A target extension is a revision, following a target breach, that moves the target further in the direction of the view; it is judged vindicated if the level held at or beyond the original target. Each close and each extension is one observation; a decision extended twice and then closed contributes three. The combined figure pools both responses. The move captured to target is measured on decisions that closed at or beyond their initial target, from entry to exit. Extended trades are followed to their exit from their first extension in the last five years; the 357 such trades still open at 30 September 2026 are not included, and "*at their stop*" uses the stop in force at exit.

Time to action (*Conclusion*). For each sub-period with a breach recorded in ADT over the last five years, the breach date is the first day the daily level was at or beyond the stop (*or target*) and the action date is the end of the sub-period, when the trade was closed or its target, stop or conviction was formally revised. Business days between the two are counted; sub-periods still open at 30 September 2026 are measured to that date. The figure quoted is the median for each calendar year of breach.

Momentum-matched baseline (*Exhibit 8*). For the decisions in the stop-loss sample, every day the decision was live and the level had moved against the view over the previous week is a baseline observation. The baseline rate is the share of those days after which the level continued to move against the view over the horizon, averaged with equal weight per decision.

Consistency and stress episodes. Rolling figures cover stop exits in the 12 months to each month-end. Stress episodes are fixed calendar windows around each event (shown in Exhibit 9); every stop exit in the window is included.

Stop calibration (*Exhibit 10*). For each decision closed with a gain, the maximum adverse move over its life is expressed as a multiple of its initial stop distance. A hypothetical stop at k times the actual distance would have been triggered if that multiple reached k. Later revisions to the stop are not modelled.

Statistics. Confidence intervals are 95% Wilson intervals; significance is assessed with a one-sided binomial test against 50%. Because stop exits cluster in time, we also apply a sign test in which each calendar month counts as one observation, scored by whether the majority of that month's stop exits were justified; months with an even split are left out.

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