

PORTFOLIO DEPENDENCE

Historical diversification.

The systems had low monthly P/L correlations in the earlier research sample. This supports historical diversification, while leaving shared future losses possible.

USDJPY / EURUSD
+0.011
USDJPY / AUDJPY
-0.027
EURUSD / AUDJPY
+0.141

Correlation runs from -1 to +1. Values near zero indicate weak linear co-movement in this monthly sample; they do not establish independence or prevent simultaneous losses.

What if the historical relationship deteriorates?

Selected archived two-year stress scenarios. \$100,000 start, fixed-dollar sizing and 100,000 simulated paths per scenario. These are conditional outcomes, not forecasts.

Scenario	Median 2Y return	Paths ending at a loss
Historical mean unchanged	+95.93%	0.1%
50% of historical mean retained	+47.93%	6.5%
75% mean + shared bad-month shock	+25.71%	26.0%
25% mean + combined extreme stress	-14.28%	68.0%

Shared shock: in negative residual months, each system receives an extra loss equal to 35% of its residual monthly standard deviation. This worsens mean profit as well as shared losses; it does not isolate correlation alone.

Extreme case: 25% retained mean, 30% inactive system-months, 3-month blocks, the 35% shared shock and a 5% operational haircut. No probability is assigned to either scenario occurring.

Basis: 1,317 archived closed trades at 3 lots. Correlations use monthly P/L including recorded swap, July 2018-August 2026, including the initial zero-trade month (98 calendar months). Stress research uses the source's 97-month sample. No floating-equity drawdown estimates are presented here.

Sources: Robustness Report.pdf, section 2; Valden_Deep_Future_Model_Stage_6_Stress_Sensitivity_2Y.pdf. Both are in Raw-Portfolio(1).zip. Returns above are source P/L divided by \$100,000; additional live costs are not fully modelled.

Historical results and conditional simulations do not guarantee future returns or cap losses.