

71% Win Rate. +1.9% Return.

That headline sounds impossible - until you see the second half of the math.
Winning most of your trades does not mean making much money.

71.43%

WIN RATE

How often a trade ended in profit.
Here, about 7 out of every 10 trades won.

7 of 10

TRADES WON

From one moving-average strategy - a rule that buys and sells based on whether price is above or below its recent average.

+1.85%

TOTAL RETURN

The full gain after every win and every loss, across the whole test. Rounded in the headline to +1.9%.

Seven wins. Still almost nothing to show for it.

In our 44-variant backtest study - a backtest means replaying a strategy against past prices to see what would have happened - this one strategy on SPY, a fund that tracks 500 large U.S. companies, won far more often than it lost.



Illustration of the split: 7 winners, 3 losers. The catch was size, not frequency.

THE WINS



Small gains, again and again.

THE LOSSES



Fewer - but each one bigger.

The few losses ate most of what the many small wins had built. That is why the account barely moved.

Win rate answers one question only: "How often did I win?" It never answers: "How much did I win, compared with how much I lost?" The second question is the one that decides your balance.

It is not how often you win. It is how much.

Traders call the useful number **expectancy**. In plain words:

How much you win when you win
minus
how much you lose when you lose
- averaged across every single trade -

If that average is positive, a strategy can survive a lot of losses. If it is near zero, even a flashy win rate leaves you standing still - exactly what happened here.

A 40% win rate can beat a 70% win rate

70% wins, tiny winners

Wins often, but each win is small and each rare loss is large. Result: lots of green checkmarks, very little growth.

40% wins, big winners

Loses more often, but the winners are much larger than the losers. Result: fewer wins, more money kept.

“Win rate is vanity. Expectancy is sanity.”

Your one-line self-check

Before you trust any strategy you see advertised, ask: **“What were the average win and the average loss?”**

If someone only brags about win rate, they are showing you half the math.

Read this honestly

This is one strategy, on one asset (SPY), in one test window, from a 44-variant study. Past prices do not predict future prices, and these exact numbers will not repeat. The principle is general - size matters as much as frequency - but this is a single example, not a promise and not a recommendation to buy or sell anything.

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Every claim sourced. Every loss shown. No cherry-picking.