MONEY DOOR GOLD SHELF

How Institutions Approach the Market

What the biggest investors aim for, and how they control risk

Free learning guide

Inside: 126 years of returns, what funds and banks target and earn, how professionals limit risk, and what it means for you.

For complete beginners | Simple English

www.moneydoorfxacademy.com

Education only. Not investment advice. Practise on a demo account.

WELCOME

What is inside

Banks, pension funds, university endowments and hedge funds manage trillions of dollars. Their published numbers tell a clear story about realistic returns and about putting risk first. This briefing, made for gold learners, walks through those numbers in plain English.

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How to use this guide

Read it once from start to finish, then come back to the 'What this means for you' page whenever an offer or a result looks too good. All figures are as published by each source and are historical. Nothing here is a forecast or a recommendation.

IN SHORT

The big picture

What do the world's biggest, best-resourced investors actually aim for? How much do they risk? And what does more than a century of market history teach a new gold trader? This briefing collects the published numbers, in plain English.

The one-line summary

The world's best-run money aims for steady returns of roughly **7% to 10% a year** over the long run, and spends most of its effort on **not losing big**. Returns are the reward for surviving.

Five lessons inside

#	Lesson	Where it comes from
1	Long-run returns are single digits a year, and the ride is bumpy.	126 years of market history (UBS Yearbook 2026)
2	Even the largest funds plan for single-digit to low-teens yearly returns.	Norway's fund, CalPERS, Yale, Harvard, hedge fund indices
3	Banks earn mostly from serving clients, and measure risk every day.	JPMorgan and Goldman Sachs 2025 reports
4	Professional traders work under strict loss limits.	Published reporting on large hedge funds
5	Even proven methods have long losing stretches.	Trend-following research, 1880 to 2016

Figures are as published by each source, and the periods differ from one source to another. Past results do not promise future results.

Why this matters to you

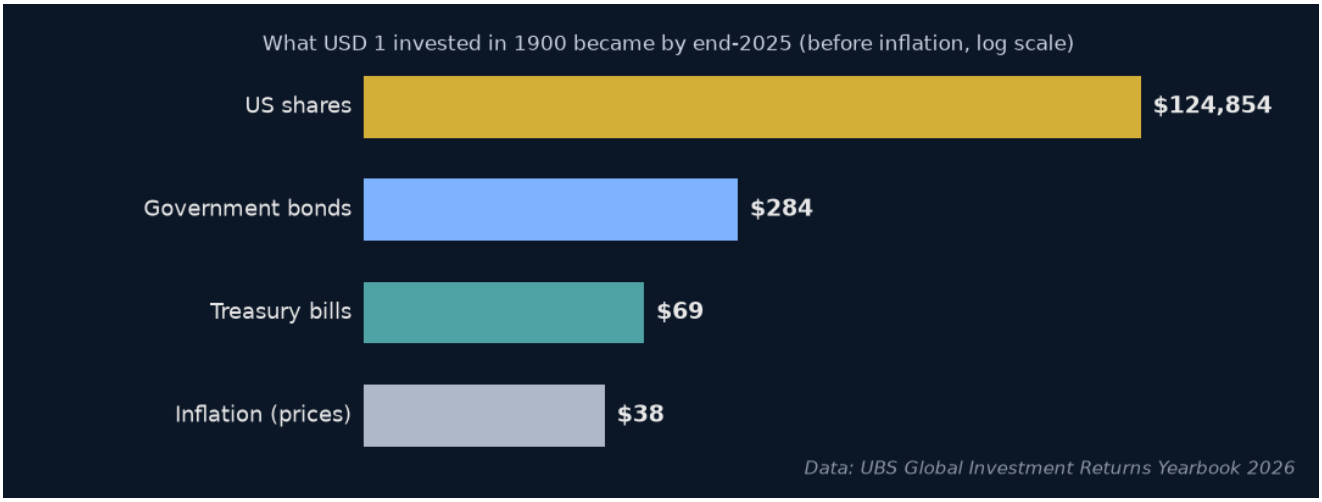
This briefing is not about copying institutions. It is about setting **realistic expectations** and putting **risk first**, which you can practise on a demo account from day one.

LESSON 1

What 126 years of history says (1900 to 2025)

The UBS Global Investment Returns Yearbook tracks market returns back to 1900. For the United States, its 2026 edition reports:

Asset (United States)	Return a year, before inflation	Return a year, after inflation
Shares (equities)	9.8%	6.6%
Government bonds	4.6%	1.6%
Treasury bills (cash)	3.4%	0.5%
Inflation	2.9%	-
Gold (since 1900, in US dollars)	-	about 1.3%
Gold (since 1971)	-	about 4.7%



- USD 1 put into US shares in 1900 grew to **USD 124,854** by the end of 2025. The same dollar in bonds grew to USD 284.
- The ride was never smooth. Across markets since 1900, shares and bonds have each lost more than 70% after inflation on several occasions, yet a mix of 60% shares and 40% bonds never fell more than 50%.
- Gold has kept its value over the very long run, but it is **not a reliable short-term inflation hedge**: in 13 of the 28 years when US inflation was above 3%, gold fell.

LESSON 2

What the big institutions target and achieve

Institution	What it aims for	What it has actually earned
Norway's sovereign wealth fund (about NOK 21 trillion at end-2025)	Highest possible long-term return with acceptable risk	About 6.8% a year from 1998 to Sept 2026; 15.1% in 2025
CalPERS, the largest US public pension fund	6.8% a year assumed return	7.6% a year over 30 years (to June 2025)
Yale University endowment	8.25% a year long-term target	11.7% a year over 10 years (to June 2026); 26.3% in the year to June 2026
Harvard University endowment	8% a year benchmark	11.4% a year over 9 years (to June 2026); 27.1% in the year to June 2026
Hedge funds (HFRI composite, after fees)	Steady returns with smaller swings than shares	About 9.0% a year, 1990 to March 2023; only about 4.0% a year in the 15 years to June 2023
Goldman Sachs and JPMorgan (the banks themselves)	Mid-teens return on their own capital	Return on equity of 15.0% (Goldman) and 17% (JPMorgan) in 2025

Notice the pattern

Even the best-resourced investors on earth plan for **single-digit to low-teens** yearly returns. Strong years, such as 26% to 27% at Yale and Harvard in the year to June 2026, do happen, but they are averaged with flat and losing years.

Why their targets are 'small'

- They manage money that must last for decades: pensions, scholarships, a nation's savings.
- A big loss is very hard to recover from: a 50% fall needs a 100% gain just to get back to the start.
- They know that high returns and high risk travel together, and they choose the risk first.

LESSON 3

How banks like Goldman Sachs and JPMorgan really trade

They earn mostly from clients, not from guessing direction

Their trading desks **make markets**: they buy from one client and sell to another, earning the spread and fees. Large bets on which way prices will go are a small part of the business.

They measure risk every single day

JPMorgan's average one-day **Value at Risk** (VaR: a loss level that, by the bank's model, should be exceeded only about 1 day in 20) was about **USD 40 million** in 2025, against total assets of about **USD 4.4 trillion**. That is less than one thousandth of one percent.

The result: almost no losing days

JPMorgan's Markets business earned **USD 35.8 billion** of revenue in 2025 and recorded only **2 loss days** in the whole year, one of them Christmas Day, when activity was very limited. This comes from serving client flow under tight limits, not from predicting prices.

Layers of limits

Layer	What it does
Daily risk limits	Each desk can only carry a set amount of risk each day.
Stress tests	Ask 'what if a crisis like 2008 happened tomorrow?' and limit positions accordingly.
Loss limits per desk	If a desk loses a set amount, it must cut its risk.
An independent risk team	People who do not trade check the traders, every day.

The lesson for a gold learner

You can copy the **habit**, not the size: decide your maximum loss per trade and per day **before** the session starts, write it in your journal, and stop practising for the day when you hit it.

LESSON 4

How top hedge funds control their traders

- Large multi-manager hedge funds give each trader a pool of capital with a **hard loss limit**. Figures reported by The Wall Street Journal (2024) for one of the largest: lose 5% and your capital is cut in half; lose about 7.5% and your book is closed.
- Industry reporting says that in practice capital is often cut earlier, at around 2.5% to 3%. These limits are reported by the press and are not published by the firms themselves.
- The fund's overall steadiness comes from **hundreds of small, controlled bets**, not one big win.
- A common professional guideline for a single trade is to risk about **1% to 2%** of capital, with the stop-loss set before entry.

Why small risk per trade matters: the losing streak test

Losing runs happen to everyone. The chart shows what is left of a demo account of 100 after 10 losses in a row, at different risk levels.



Risk per trade	After 5 losses in a row	After 10 losses in a row	Gain needed to get back to 100
1%	95.1	90.4	about 11%
2%	90.4	81.7	about 22%
5%	77.4	59.9	about 67%
10%	59.0	34.9	about 187%

Simple calculation, each loss taken as the stated percentage of the remaining account.

LESSON 5

Trend following: more than a century of evidence

A well-known research paper from AQR Capital (published in the Journal of Portfolio Management, 2017) tested a simple trend-following method, in a **simulation** after estimated costs: buy markets that have been rising, sell those that have been falling. It covered 67 markets from 1880 to 2016, including commodities, currencies, bonds and share indices.

- It made money on average in **every decade** since 1880, through wars, recessions, high inflation and low inflation.
- It gained in 8 of the 10 worst falls for a 60/40 portfolio, because most bear markets unfold over months, giving trends time to form.
- Risk was set to about 10% yearly swings, yet it still went through **losing stretches of up to about 25%**.

The lesson

Even a method with more than a century of evidence behind it needs **patience through drawdowns**. An old market saying, more than 200 years old, puts it simply: *'Cut short your losses, and let your profits run on.'*

What this does and does not mean

It does mean	It does not mean
Following the bigger trend has a long research history.	Any trend method will work for you, or will work next year.
Losing periods are a normal part of any real method.	A losing period proves a method is broken (or that it is fine).
Rules and position sizing matter as much as entries.	Simulated results are the same as real trading results.

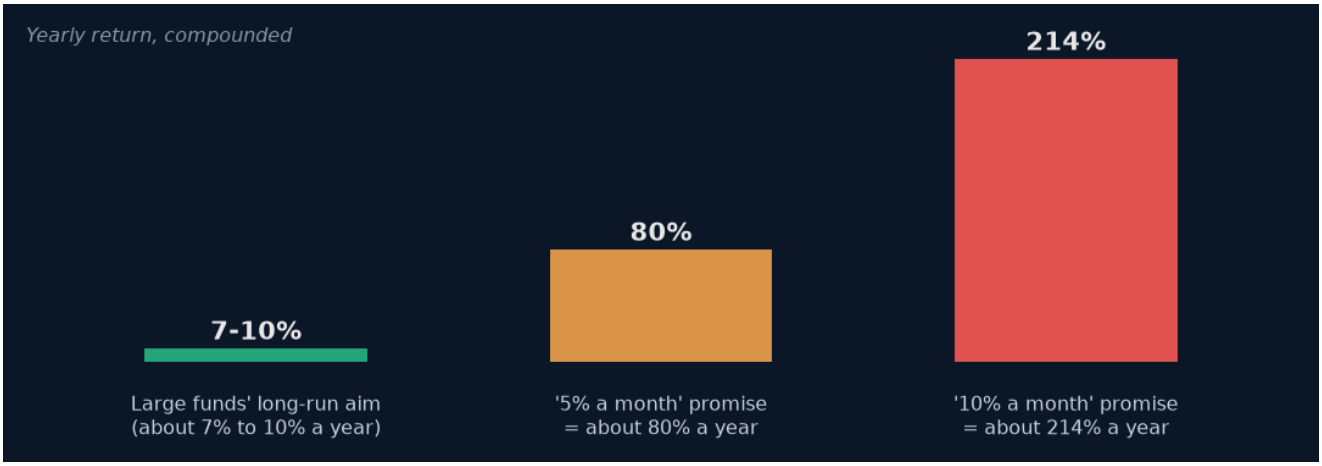
You can explore simple trend ideas on past gold charts in the Money Door AI Lab, and practise them on a demo account, before trusting any of them.

PUTTING IT TOGETHER

What this means for you

1. Expect realistic returns

If the world's largest funds aim for 7% to 10% a year, any offer of 5% to 10% **a month** should be treated with great caution. Compounded, 5% a month is about 80% a year, and 10% a month is about 214% a year.



2. Risk first, return second

Professionals decide how much they can lose before they think about how much they can make.

3. Small risk per trade, many trades, strict rules

Losing runs are normal. Surviving them is what lets results build up over time.

4. Diversify

Across markets since 1900, shares alone have at times lost more than 70% after inflation, while a 60/40 mix of shares and bonds never fell more than 50%. Do not put all your savings into one market, and never trade with money you need.

5. Time matters

The long-run numbers in this briefing came from staying invested through bad years, not from avoiding every loss. In trading, the equivalent is consistency: the same rules, the same risk, every day, on demo first.

WHERE THE FACTS COME FROM

Sources

This briefing refreshes Money Door's own client briefing of November 2026. Key figures were re-checked against the sources below (November 2026). Figures are as published by each source; periods differ. Charts on returns use published figures; the losing-streak and 'monthly promise' charts are simple calculations, not forecasts.

- UBS Global Investment Returns Yearbook 2026 (E. Dimson, P. Marsh, M. Staunton), public summary edition and press release, ubs.com
- Norges Bank Investment Management, fund returns page (to 30 Sept 2026) and Annual Report 2025, nbim.no
- CalPERS Annual Investment Report, fiscal year 2024-25, calpers.ca.gov
- Yale News, 'Yale reports investment return for fiscal 2026', 27 Oct 2026, and Yale Office of the Provost fall 2026 financial update
- Harvard University Financial Report, fiscal year 2026, including the Harvard Management Company CEO letter
- Evanston Capital (HFRI, 1990 to March 2023) and Index Fund Advisors (Ennis study, 15 years to June 2023)
- JPMorgan Chase & Co., 2025 Form 10-K (Markets loss days, average Total VaR, total assets) and 4Q25 earnings materials, sec.gov
- The Goldman Sachs Group, Inc., full-year 2025 earnings results, 15 Jan 2026, goldmansachs.com
- The Wall Street Journal, 29 Sept 2024, and industry reporting on multi-manager loss limits (not published by the firms)
- B. Hurst, Y. H. Ooi and L. H. Pedersen, 'A Century of Evidence on Trend-Following Investing', Journal of Portfolio Management, Fall 2017

Please note

This briefing is for education only and is not a recommendation to buy or sell any investment. Past results do not promise future results. Trading carries risk.

Next steps

1. Watch the Gold Vault lessons

Our Gold Vault video lessons take you step by step from the basics to reading gold charts, in a clear order.

2. Try your ideas in the Money Door AI Lab

Describe an idea in simple words and test how it would have behaved on past gold charts before you trust it. Learning tool only.

3. Keep practising on a demo account

Use play money, write every practice trade in a journal, and review it every week. Skill comes from repetition, not from rushing.

Questions? Talk to our customer care

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This guide is for education only. It is not investment advice and is not a recommendation to buy or sell anything. Trading gold carries risk. Learn and practise on a demo account. All charts are illustrations.

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