

TRACKER FX

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# The Prop Firm Challenge Survival Kit.

How to pass a funded-account evaluation by treating it as what it actually is: a risk-management test wearing a profit target as a costume.

A FREE GUIDE · 14 PAGES · V1

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## 01 · THE REFRAME

# A challenge is not a profit test.

A prop firm challenge looks like a profit test. Hit a target, usually somewhere around 8 to 10 percent, and you get handed a funded account. So most traders attack it like a profit problem: hunt for the biggest, fastest setups and push size until they reach the number. That instinct is exactly why most of them fail.

The challenge is not really a test of whether you can make 10 percent. It is a test of whether you can make 10 percent without ever crossing a loss limit, and those are two completely different skills. The firms know this. The profit target is set at a level any competent trader can reach with ordinary, patient trading. The rules sitting next to that target, the daily loss limit and the maximum drawdown, are where the evaluation is actually won or lost.

### The one-line version

A prop firm challenge is a risk-management test wearing a profit target as a costume. Respect the two loss limits and the target tends to take care of itself.

If you scraped the data on failed challenges, you would not find a graveyard of traders who came up just short of the profit target. You would find accounts that hit a loss limit, usually with the target still well within reach. The failure is almost never *I could not make enough*. It is *I lost too much, too fast, in pursuit of making enough*. That distinction is the whole guide.

## 02 · THE FOUR NUMBERS

# What the rules actually say.

Every prop firm writes its rulebook a little differently, but the skeleton is consistent. Four numbers decide every challenge. Know them cold for your specific firm before you place a single trade.

<b>Profit target</b> <b>8–10%</b>	Phase 1. Phase 2 typically halves it (4–5%). Often no time limit on modern accounts.
<b>Max daily loss</b> <b>4–5%</b>	The most you can lose in a single day. Breach once and the account is gone. Some firms measure off your starting balance, others off live equity including open trades.
<b>Max overall drawdown</b> <b>8–12%</b>	The lowest your balance can ever fall. Frequently <b>trails</b> your highest balance, which catches traders who are doing well.
<b>Minimum trading days</b> <b>0–5 days</b>	Stops you passing on one lucky trade. Forces activity to spread across several sessions.

## Read your rulebook

Every firm writes these slightly differently, and the differences matter more than the headline numbers. A static maximum drawdown is far more forgiving than a trailing one. A daily loss off balance is very different from one off live equity. Trading the wrong assumption is one of the most common ways an account dies.

## 03 · WHY MOST TRADERS FAIL

# Five patterns that show up everywhere.

The failure mode is almost always one of these five. They are obvious in hindsight and invisible in the moment, which is why naming them upfront is most of the protection.

- 1 Oversizing for speed**

The target feels far away, so the trader sizes up to close the gap quickly. The same size that reaches the target in three trades also reaches the daily loss limit in two. Speeding toward the target speeds you toward the exit at the same rate.
- 2 Revenge trading a red day**

A losing morning triggers the urge to win it back before the day closes. This is where a controlled 2% down day turns into a limit-breaching 5% one. Same psychology that wrecks ordinary accounts, more lethal here because there is a hard line waiting.
- 3 Misreading the limits as a budget**

A 5% daily limit is not a daily budget. It is the point at which you have already failed. Traders who think *I am allowed to lose 5% today* will eventually use all of it.
- 4 Ignoring the trailing drawdown as the balance climbs**

On a trailing drawdown, your floor rises with your gains. The moment you cross into profit, the failure line moves with you. Most traders never adjust their behaviour for it and get cut while up on the challenge.
- 5 Trading the wrong rulebook in your head**

Convinced your daily loss is off starting balance when it is actually off live equity. Convinced the drawdown is static when it trails. The wrong assumption survives until the day it kills the account.

## 04 · THE MATH

# Position size is the variable that decides it.

Take a typical 5% daily loss limit and look at how risk per trade interacts with it. The relationship is not gradual. It is brutal.

<b>5%</b> Typical max daily loss, the line that ends most challenges	<b>5</b> Straight losers to breach it at 1% risk per trade	<b>~2</b> Straight losers to breach it at 3% risk per trade
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At 1% risk per trade, a 5% daily limit gives you room for five consecutive losses before the day ends you, which almost never happens inside a single session if you have any edge at all. At 3% risk, two bad trades do it, and two bad trades in a row is completely normal even for profitable traders.

Same strategy, same firm, same limit: the only variable you changed was size, and it moved you from *practically impossible to fail on loss* to *one ordinary cold streak away from gone*.

### The target side of the math

Risking 1% per trade at a 1:2 reward-to-risk ratio, a run of modest net winners gets you to an 8% target without a single heroic trade. You do not need to be aggressive to pass. You need to be alive when your edge plays out, and small size is what keeps you alive.

05 · THE RISK-FIRST PLAYBOOK

# Six rules you do not break.

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Passing is less about a clever strategy and more about a small set of rules you refuse to break. These six turn the challenge from a gamble into a process.

- 1 Risk small and fixed: 0.5 to 1% per trade**  
Pick one number and never deviate. Small fixed risk is what creates the buffer between an ordinary losing streak and a breached daily limit. This is the most important decision in the whole challenge, and you make it before you place a single trade.
- 2 Set a personal daily stop tighter than the firm's**  
If the firm allows 5% daily, draw your own line at 2 or 3% and stop trading the moment you hit it. The firm's limit should be a number you never actually see, because your own stop catches you first.
- 3 Size from the stop, never from the target**  
Place your stop where the chart says it belongs, then let the size follow from your fixed risk. The profit target is an outcome of good trades, never an input into how big you go.

## 05 · THE RISK-FIRST PLAYBOOK

**(continued)**

- 4 Aim for the target over weeks, not days**

Most modern challenges have no time limit, which removes the only reason to rush. Spreading the target across many sessions keeps each day comfortably inside the daily loss limit and turns variance into your friend instead of your executioner.
- 5 Respect the trailing drawdown as you climb**

Know whether your drawdown is static or trailing, and if it trails, protect your gains. Scale size *down* as you near the target rather than pressing for a fast finish. The traders who fail close to the finish line almost always get bolder exactly when they should not.
- 6 Log every trade and review the real numbers**

Track your realised risk per trade, your worst day and your running drawdown, and confirm they match the plan. A simple journal turns this into a five-minute habit and exposes the leaks, like the wide stop that quietly became a 2% trade, before they cost you the account.

**Process, not perfection**

You do not need to follow all six perfectly to pass. You need to not **violate** any of them. The trader who keeps rule one but gets sloppy on rule two will still likely pass. The trader who breaks rule one even once usually does not.

**06 · DAILY ROUTINE**

# Three windows. Same three every day.

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The routine is what makes the playbook survive contact with the market. Without it, every rule above turns into a good idea that loses to whatever you feel like doing on Monday morning.

**Pre-session (10 minutes)**

- Read your firm's daily loss and drawdown numbers out loud. Yes, every day. They get fuzzy quickly when you do not.
- Check the economic calendar. Mark the windows you will not trade.
- Look at yesterday's one written conclusion. Did anything change?
- Set your personal daily stop. It is smaller than the firm's.
- Confirm the planned risk per trade. One number, written down.

**In-session (during the day)**

- Size every position from the stop using your fixed risk.
- No additional positions while your daily P&L is  $-1R$ .
- If you reach your personal daily stop, close everything. No exceptions.
- If you reach the profit target, stop. Print the day.

**Post-session (10 minutes)**

- Realised P&L vs planned risk. Did anything drift?
- Worst trade of the day. Process error or just variance?
- Best trade of the day. Repeatable, or a one-off?
- Write the single sentence that summarises today.
- Update the running drawdown number. Know exactly where you stand.

## 07 · THE TRAILING-DRAWDOWN TRAP

# How profitable traders get cut while up.

The single most misunderstood rule is the trailing maximum drawdown. It catches traders who are actually doing well.

With a trailing drawdown, the floor of your account does not stay fixed at the starting balance. It follows your highest balance up. If your maximum drawdown is 10% and you climb to 6% in profit, your new failure line has often risen with you. You can be up on the challenge overall and still get cut for giving back too much of the gain.

### What this flips

In your own account, banking progress is optional. In a trailing-drawdown challenge, protecting an unrealised lead is part of the rules. As you approach the target, the correct move is usually to take size **down**, not up. You have the least room to give back at exactly the moment most traders get bold because the finish line is in sight.

Two practical adjustments:

- **Track the floor in real time.** Note your trailing drawdown alongside your balance, not just your profit.
- **Scale down past 70% of the target.** Halve your risk per trade. Give yourself more bad-day room when the cushion is thinnest.

## 08 · PRE-TRADE CHECKLIST

# Use it on every entry.

Print this. Tape it next to your screen. Ten seconds before you click, run through it. The point is not the list. The point is the pause.

- **Setup** · Is this one of my playbook setups, or am I improvising?
- **Stop** · Is the stop where the chart says it belongs, or where I want it?
- **Size** · Did I calculate size from the stop and my fixed risk?
- **Daily P&L** · Am I inside my personal daily stop right now?
- **News** · Is there a high-impact release in the next 30 minutes?
- **Concurrent trades** · If this loses, can my other positions still take their stops within the daily limit?
- **Time of day** · Is this a session where my edge actually exists?
- **Reason** · Can I state in one sentence why I am taking this trade?
- **Last loss** · If the previous trade was a loss, has 15 minutes passed?
- **Trailing drawdown** · If I lose this trade, where does my balance land vs the floor?

### The honesty rule

If you cannot answer all ten without hedging, the trade does not happen. There is no setup so good that it justifies skipping the checklist. The day you skip it is the day the account ends.

## 09 · END-OF-DAY REVIEW

# Eight questions. Ten minutes.

Do this every day, even after small days. The point is not to judge the result. It is to catch process drift before it compounds. Most blown challenges leave a trail of these answers being skipped.

- **P&L** · What did the day make or lose? In R, not just dollars.
- **Trade count** · How many trades? Was that aligned with the plan?
- **Realised risk vs planned** · Did any trade drift over my fixed risk?
- **Best trade** · What made it work? Repeatable or one-off?
- **Worst trade** · Process error, or just variance? Be honest.
- **Rule breaks** · Did I follow my entry checklist on every trade?
- **Emotional state** · Was I calm, tilted, distracted, bored?
- **One sentence** · What is the one conclusion I write down before logging off?

### Why the one sentence matters

A daily P&L number is too noisy to learn from. A weekly P&L still is. But seven written conclusions across a week show you exactly where your trading is drifting. That is the data the challenge is actually evaluating you on.

## 10 · AFTER YOU PASS

## Same exam, real stakes.

Getting funded is not the finish line. It is the same exam with real consequences. A funded account usually carries the same daily loss and drawdown rules, sometimes with an added consistency requirement that no single day can make up too large a share of your total profit.

The firms are filtering for traders who are repeatable, not lucky. That is good news if you passed the right way, because the discipline that cleared the challenge is exactly the discipline that keeps the account and earns the profit split.

### The pattern that blows funded accounts

Traders who blow up after funding are almost always the ones who treated the evaluation as a hurdle to game, then reverted to gambling the moment real capital appeared. If your sizing stays the same after funding, you are extremely likely to keep it. If it triples on day one, the account dies before the first payout.

### The bottom line

A prop firm challenge rewards the trader whose worst day is boring. The target is reachable with patient, ordinary trading at small fixed risk. The loss limits are only a threat to traders who oversize, chase, or revenge trade.

Reframe the whole thing: you are not trying to make a number. You are trying to never break one. Get that right and the target arrives on its own.

PROVE IT WITH YOUR OWN DATA

## The kit you just read works only as well as you measure it.

Tracker Fx connects to your broker and syncs every trade automatically. It shows your real risk per trade, your worst day and your maximum drawdown from actual fills, so you can test your trading against a challenge's limits before you ever pay the fee. Check the live list of supported brokers at [trackerfx.com](https://trackerfx.com).

**Start your 7-day free trial**

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