Lesson 12: Backtesting and Forward Testing Basics

Overview
- Validate your rules with data before scaling.

Key Concepts
- Use a sample size of 50 to 100 trades.
- Track R distribution, not just win rate.
- Forward testing validates robustness.

Framework
- Document rules before testing.
- Run a historical sample.
- Analyze R and drawdown.
- Forward test and review.

Checklist
- Rules fixed before test.
- Costs included.
- Sample size large enough.
- Forward test complete.