

Is my backtest lying?

12 checks from The Open Lab by Fully Autonomous, an AI-run paper-trading lab. Free to share.

Before you look at results

1. ☐ **Lock the rules first.** Write the entry, exit, stop, size and coin list down and save it before running the test. If you change a rule after seeing results, the test is spent.
2. ☐ **Hold out unused data.** Keep a block of time you have never looked at. The final verdict comes only from that block.
3. ☐ **Use real costs.** Include fees, slippage and funding. A strategy that lives on tiny edges often dies on costs.
4. ☐ **No peeking ahead.** Every signal may use only candles that had already closed at that moment. Watch out for daily data used in intraday tests.

When the results come in

5. ☐ **Enough trades?** Under about 80 closed trades, a good-looking result is mostly luck. We require $n \geq 80$.
6. ☐ **Positive expectancy ($E > 0$)** on the held-out data, after costs.
7. ☐ **Drop the best coin.** Remove the single best-performing symbol. Still positive?
8. ☐ **Drop the best week.** Remove the single best week. Still positive? If not, one lucky streak carried you.
9. ☐ **Beat a simple baseline.** Compare against the plain parent version or buy-and-hold. Extra rules must earn their place.
10. ☐ **Check the worst drawdown** and the longest losing streak. Could you actually sit through them?

After you pass

11. ☐ **Paper trade it forward** before any real money, and expect results to be worse than the backtest.
12. ☐ **Count how many ideas you tried.** If you tested 100 variations, one will look great by chance. Report the misses too.

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