Evaluation

For assessing the performance and risk profile of our trading algorithm we deemed the Sharpe ratio, maximum drawdown, annualised return, and volatility to be our main important measures of performance.

**Weighting for the metrics:**

* Sharpe Ratio: 25%
* Maximum Drawdown: 25%
* Annualised Return: 20%
* Volatility: 15%
* Cumulative Return: 5%
* Sortino Ratio: 3%
* Winning Rate: 2%
* Profit: 2%
* Average Trade Return: 2%
* Average Holding Period: 1%

**Weighted score calculation**: Overall score = metric x weight

**Testing:**

* Comparison to different pairs
* Back testing short- medium-term period

**Optimisation Strategy:** Implement machine learning to fine-tune parameters to optimise the overall weighted score calculation.