Backtesting

- 4 Steps:
  - 1) Get and organize data
  - 2) Run algorithm
  - 3) Calculate/Analyze Return vs Benchmark(s)
  - 4) Test Inputs/Tweak Strategy

Simple Example: Trading on Price

- Follow 4 steps
- Keep in mind: this is not recommended by top investors, it is meant as an example

Portfolio Theory, Diversification: The Only Free Lunch

- Diversification is known to be a very good investment strategy
    - https://www.investopedia.com/terms/d/diversification.asp
- Ray Dalio (top hedge fund manager) recommends the All Weather strategy
    - Ray Dalio bio: https://en.wikipedia.org/wiki/Ray_Dalio
    - All weather portfolio: http://www.lazyportfolioetf.com/allocation/ray-dalio-all-weather/