

Predicted Profitability
=
what the
model
told you

Realized profitability = what happened

	Positive	Negative
Positive	True positive You invested in a strategy that worked!	False positive = Type I error You invested in a strategy that did not work!
Negative	False negative = Type II error You did not invest in a strategy that worked...	True negative You did not invest in a strategy that did not work...