

What is the Cone?

“Cone”:

Projected expectations and
“Risk bands” based on the
backtest in-sample performance
of the strategy

Green = Backtest, in-sample

Red = Live Trading, out-of-sample

Blue cone = volatility bands

- 1.0, 1.5, 2.0 stdevs

Consider exiting trading strategy if
it starts trading outside of the
-2.0 stdev region of the cone

