

We Ran 5,130 Backtests.

Almost none of them beat doing nothing. Here is what 5,130 tests actually taught us - in plain language, with every term explained.

5,130

STRATEGIES TESTED

21

BEAT JUST HOLDING

0.4%

SUCCESS RATE

5ASSETS: SPY QQQ
NVDA AAPL TSLA

How to read this: A **backtest** means testing a trading strategy against past price data, as if you had traded it back then. **In-sample** (Oct 2021 - Oct 2024, 3 years) is the data strategies were tuned on. **Out-of-sample** (Oct 2024 - Oct 2026, 2 years) is data the strategy never saw - the honest test. Each period started with a fresh **\$10,000**. **Buy-and-hold** simply means buying once and holding, with no trading in between.

1 Almost nothing beat just holding it

Only **21 out of 5,130 strategies (0.4%)** beat simply holding the asset in the out-of-sample test. Holding paid on every asset - from **SPY +30.3%** to **TSLA +60.2%**. In a rising market (a **bull market**, when prices go up over time), all that buying and selling was mostly the enemy.



Buy-and-hold, out-of-sample (Oct 2024 - Oct 2026). Past results do not predict future results.

2 What active trading really bought was sleep

Our best example: an **engulfing-pattern strategy** on NVDA (it buys after a big green candle fully covers the prior red candle - a sign buyers took control). It made **more** money than holding, with a **much smaller worst fall**. A **worst fall** (drawdown) is the biggest drop from a peak before recovering. The pitch was never "beat the market" - it is "survive it."

STRATEGY - NVDA ENGULFING

+67.5%

Worst fall: -21.4%

JUST HOLDING NVDA

+54.2%

Worst fall: -36.8%

3 Fast signals got shredded on wild stocks

A **moving average** is the average price over recent days - traders use it to spot a trend. **Fast** averages react to just a few days, so they jump in and out constantly. We tested **144 fast-average variants** on TSLA and NVDA and they averaged **-10.0%**. The problem has a name: **whipsaw** - getting faked out by short price swings, buying high and selling low over and over. On volatile (wildly swinging) stocks, that is not bad luck. It happens by design.

4 Picking WHAT beat picking HOW

Same strategies, opposite results. On **TSLA**, **only 31.2%** of strategies made money - it broke nearly everything. On **AAPL**, **88.0%** made money - it forgave nearly everything. And yet just holding TSLA was the single best result in the whole study at **+60.2%**. Choosing the right asset mattered more than choosing the cleverest method.

31.2%TSLA - STRATEGIES
PROFITABLE**88.0%**AAPL - STRATEGIES
PROFITABLE**+60.2%**TSLA BUY-AND-HOLD - BEST
OVERALL

5 The 20-day rule helped one stock, hurt another

Some strategies used a **20-day hold cap** - a rule that forces a sale after 20 days, no matter what. There is no universal answer. On smooth-trending **SPY**, the cap cut winners short and hurt returns. On choppy **NVDA**, it helped - by freeing up cash sooner to re-enter at a better moment. A rule is only good or bad in context.

THE BOTTOM LINE IN 20 SECONDS

- 1. Simpler won.** Holding beat 99.6% of active strategies in this test.
- 2. Risk is the real product.** The best active result was not just return - it was a far smaller worst fall.
- 3. The asset came first.** What you traded mattered more than how you traded it - and every rule depended on context.

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The out-of-sample window was a broad bull market, which flatters every strategy that only buys (long-only). In a falling or flat market, these numbers would look different. The top variants also ran on small numbers of trades, so one or two lucky trades can swing the result. Treat this as **directional, not gospel** - a strong hint, not proof.

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