

Strategy Validation

Product specification | Formal evidence review before capital or deployment decisions

Strategy Validation is the deeper research stage for a strategy that has earned the right to be tested more seriously.

1. Product role

Strategy Validation is QuantWeaver's deeper evidence service for an automated trading strategy that has progressed beyond first-pass diagnosis. It is intended to determine whether the strategy's claimed edge survives disciplined out-of-sample testing, realistic costs, multiple-testing controls, implementation checks and the agreed validation framework.

2. Best-fit customer

- A strategy owner considering meaningful capital after X-Ray or Rehabilitation.
- A vendor or systematic team that needs deeper robustness evidence before distribution.
- A strategy with a plausible thesis and clean implementation that now needs stronger independent testing.
- A customer who wants to know whether a favorable historical result survives a more hostile validation process.

3. Validation scope

Area	Specification
Authority and reproducibility	Bind the strategy version, source/configuration, data assumptions and test environment used for the validation.
Out-of-sample design	Use walk-forward and/or appropriate holdout structures, with purge/embargo where the strategy and data require it.
Multiple testing	Account for search breadth and avoid treating one selected winner as though it were the only test performed.
Statistical robustness	Apply the appropriate QuantLab statistical battery and trade-count/effective-sample requirements for the strategy family.
Execution realism	Model spreads, commission, slippage, financing, fill assumptions and other

	relevant trading frictions.
Sensitivity and stability	Examine parameter sensitivity, subperiod behavior, instrument dependence and market-state dependence where justified.
Implementation integrity	Check that the tested implementation corresponds to the strategy the customer intends to use.
Failure analysis	Preserve rejected folds, null results and reasons for failure rather than reporting only favorable cells.
Final evidence state	Issue a bounded conclusion based on the evidence actually completed. A completed run does not automatically mean the strategy passed.

4. Deliverables

Area	Specification
Validation report	Plain-English executive conclusion plus the methodology, test boundaries, key evidence and limitations.
Evidence summary	Core statistics, out-of-sample behavior, cost sensitivity, stability and failure observations appropriate to the campaign.
Pass/fail reasoning	Why the strategy advanced, failed, remained provisional or became data/implementation blocked.
Deployment-readiness view	What further evidence, shadow/demo observation or operational work remains before any live-capital decision.
Research archive	A retained evidence package sufficient to understand the tested version and avoid silent reinterpretation later.

5. Possible conclusions

- **VALIDATED FOR THE STATED RESEARCH CLAIM** - the completed evidence supports the bounded claim tested.
- **PROVISIONAL / MORE EVIDENCE REQUIRED** - encouraging evidence exists but the current package is not enough for the intended decision.
- **REJECTED** - the strategy did not survive the agreed validation standard.
- **DATA BLOCKED / IMPLEMENTATION BLOCKED** - the strategy could not be judged fairly because a critical input or implementation requirement was unavailable.
- **RESEARCH-ONLY** - the result is informative but does not justify deployment or capital use.

6. Boundaries and pricing

Validation pricing should be quoted after scope because compute, data, instruments, strategy complexity and validation depth can vary widely. No fixed public price should be displayed until QuantWeaver has measured delivery cost on real customer campaigns.

Validation is research, not a guarantee of future returns. Historical, simulated, demo and live evidence have different evidential weight and should never be collapsed into one claim.