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— THE BRIEF

Watch hourly, trade on a breach

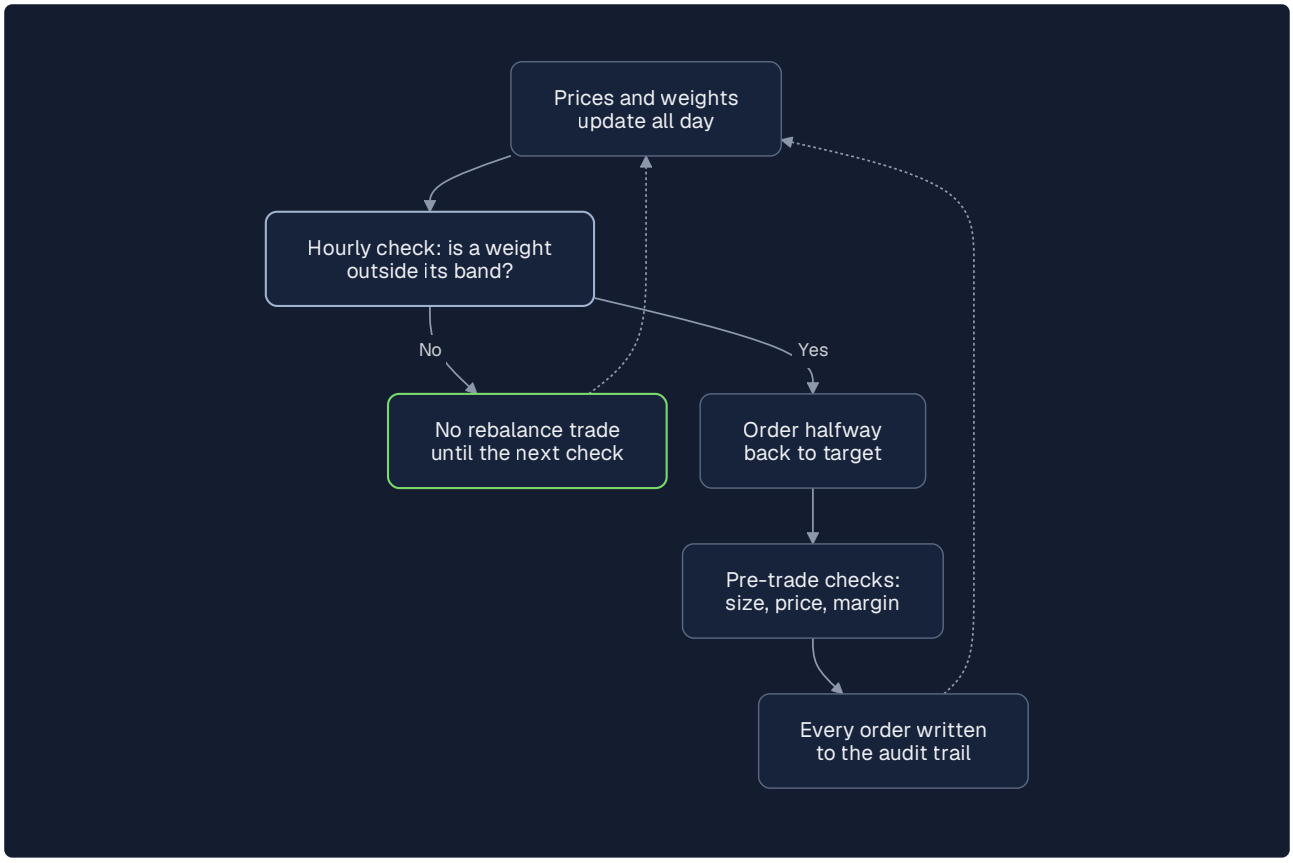
EPISODE 25 · Research for a trading product: how often to rebalance

Check weights as often as your systems allow, but trade only when a weight leaves its tolerance band, and then only halfway back toward its target weight.

01 ■ Your three steps this week

1. Measure each instrument's volatility, event exposure and correlations
2. Price each candidate rule with costs and tax on the same simulated paths
3. Put pre-trade checks and an audit trail in place before automated orders

02 ■ The diagram



03 ■ Sources

– Bailey and López de Prado, deflated Sharpe (2014)
– Davis and Norman, transaction costs (1990)
– Kelly, betting and information rate (1956)

mllabs.com/podcast/rebalancing-cadence-and-tolerance-bands