

Pair Ratio Reversion Rank

Moving-average ratio reversion evidence across matched equity pairs.

FAMILY Pair spread reversion	UNIVERSE Matched equity peer-pair research panel	RESEARCH HORIZON 63d research horizon
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Executive Summary

Pair Ratio Reversion Rank tests whether pair-ratio deviations carry ranking information. The 63d row is positive and more coherent than the short row, so the implementation is retained as secondary evidence.

Preferred horizon	63d
63d rank spread	1.96%
Rank IC	0.066
Long-leg return	4.61%
Average turnover	not estimated

Observations

1. Spread formation improves at the medium-term horizon.
2. The result is related to, but distinct from, nearest-peer log-spread reversion.
3. No current pair list or live recommendation is shown.

Data and Research Setup

The setup evaluates historical cross-sectional ranking evidence using a consistent dated research panel. The figures are historical diagnostics and do not show current holdings, current tickers or live recommendations.

UNIVERSE Matched equity peer-pair research panel. Current instruments and latest ranks are not shown.	INPUTS Historical closing-price and derived market fields are aligned to dated research observations.
COMPARISON BASIS Tested horizons use the same universe and return-cleaning assumptions within each source run.	OUTPUT BOUNDARY The note presents historical research output only and avoids current ranks or holdings.

Signal Methodology

Without disclosing the exact functional, the construction proceeds along three conceptual steps.

STEP 1

Relative divergence

The construction measures whether an equity has moved away from a comparable peer relationship.

STEP 2

Cross-sectional ranking

Observations are ranked against one another on each research date.

STEP 3

Forward comparison

Higher-ranked and lower-ranked groups are compared over the selected research horizon.

The description is intentionally conceptual. Formula details, exact construction rules and implementation parameters are not disclosed.

Results and Horizon Context



Figure 1. Cumulative 63d top-minus-bottom rank-spread contribution, normalised to zero at the first valid research observation. Forward observations overlap, so the series should be read as a ranking diagnostic, not as a standalone return path.



Figure 2. Top-minus-bottom rank-spread across the tested horizons.

Horizon	Rank spread	Rank IC	Long-leg return	Turnover
21d	0.26%	0.025	1.11%	not estimated
63d	1.96%	0.066	4.61%	not estimated

The preferred 63d row shows 1.96% rank spread and 0.066 rank IC. Metrics are historical research diagnostics under the source run.

Stability and Robustness

Stability and robustness are assessed through neighbouring horizons and calendar-year spread diagnostics. The key question is whether the preferred result is isolated or directionally coherent.

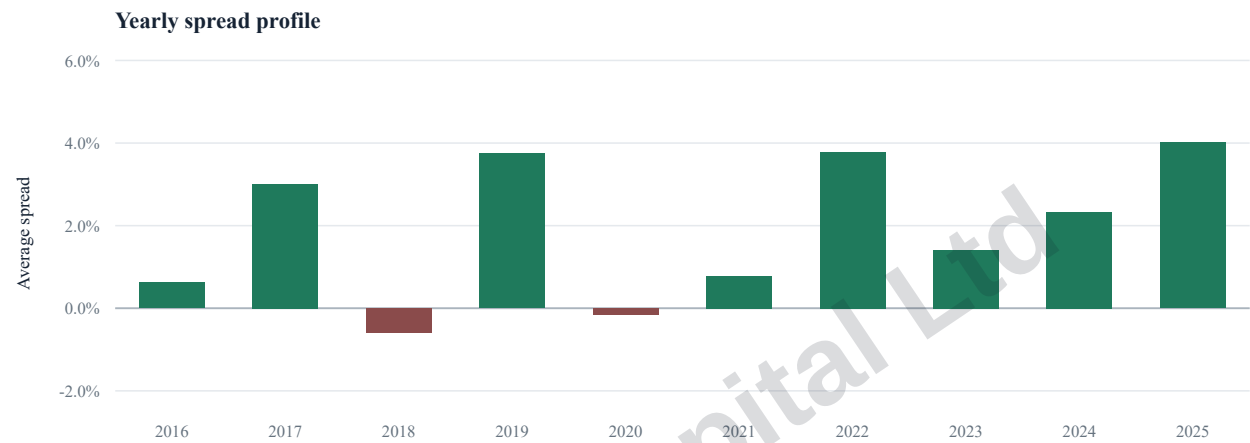


Figure 3. Average rank-spread contribution by calendar year.

Year	Average spread
2016	0.63%
2017	3.01%
2018	-0.60%
2019	3.75%
2020	-0.15%
2021	0.78%
2022	3.78%
2023	1.41%
2024	2.33%
2025	4.01%

Yearly average spread is positive in 8 of 10 calendar-year buckets. That is a stability diagnostic, not evidence of a standalone return path.

Research Interpretation

Pair Ratio Reversion Rank is retained in the research library as secondary evidence.

ROLE Secondary research candidate.	CAPTURES Relative reversion in pair-ratio behaviour versus a moving-average anchor.
RATIONALE Peer relationships can mean-revert when relative moves overshoot fundamentals, positioning or sector context.	USE Secondary pair-reversion variant for broader family comparison.
LIMITATIONS The note does not disclose exact ratio construction, pair rules, current pairs or execution assumptions.	