PairTrade Finder® **UA3** *Trade like a hedge fund.*

September 2026 Vintage
Top 50 USA Stock Pair Stars — Tear Sheet

Unfiltered raw signals, 24 September 2021 – 22 September 2026 · Two entry layers at 2.5σ / 3.25σ, $5,000 per leg

HYPOTHETICAL BACKTEST RESULTS — NOT LIVE TRADING, NOT OUT-OF-SAMPLE
Every figure on this page comes from backtested signals over the same period in which these pairs were selected. No account traded these results, and nothing here is an out-of-sample or walk-forward test. Live trading rarely matches a backtest: fills, slippage, data errors and regime changes reduce returns and increase drawdowns.

Every quarter we re-screen the whole U.S. mid-to-mega-cap universe for cointegrated pairs and keep the fifty that have earned their place across the full five-year window. This sheet shows what those fifty did, measured the conservative way: a **$100,000 account**, fixed **$5,000 legs** (5% of equity; 10% when the second layer fires), **profits swept as made** so returns never compound, after 0.10% per leg commission and slippage and IBKR margin interest. The S&P 500 comparison is buy-and-hold with dividends reinvested — it compounds, we don't.

50.3% Average return per annum on $100k, five years, simple	**62.8%** Return on $100k, last twelve months	**89.4%** Win rate, 817 closed trades in five years	**0.98x** Average leverage — peak 2.67x

01 At a glance

Metric	Five years	Last 12 months
Closed trades	817	178
Net profit after costs	$256,619	$64,346
Wins / losses	730 / 87	167 / 11
Win rate	**89.4%**	**93.8%**
Average win / average loss	$384 / –$271	$398 / –$194
Reward / risk	1.42x	2.05x
Days in trade, median / average	16 / 18.9	15 / 17.4
Trades reaching the second layer	22%	25%
Leverage, average / maximum · days above 2x	0.98x / 2.67x · 3%	1.04x / 2.67x · 10%
Margin interest paid	$4,977	$1,498
Return on $100,000 (simple)	**251.6% total · 50.3% p.a.**	**62.8%**
S&P 500, SPY with dividends reinvested	86.3% total · 13.3% CAGR	17.9%
Alpha per month vs S&P 500	**2.75%**	**3.74%**

Five-year and last-twelve-month figures are on the same $100,000, $5,000-per-leg, profits-swept basis. "Simple" means no compounding. Year-by-year results on page 3; risk analysis on page 4.

Measured the hard way
Constant $100k, profits swept, no compounding, all costs deducted. The index compounds; the pairs are not allowed to.

Positive every year
40, 47, 52, 50 and 63% in successive years — including 2022, when the S&P 500 lost 16.6%.

Essentially unlevered
Gross exposure averaged 0.98x equity and exceeded 2x on 3% of days. Five years of margin interest: under $5,000.

Risk, both ends
1.8% realised drawdown; about 27% in a correlated 10% shock at peak exposure. Size for the second number.

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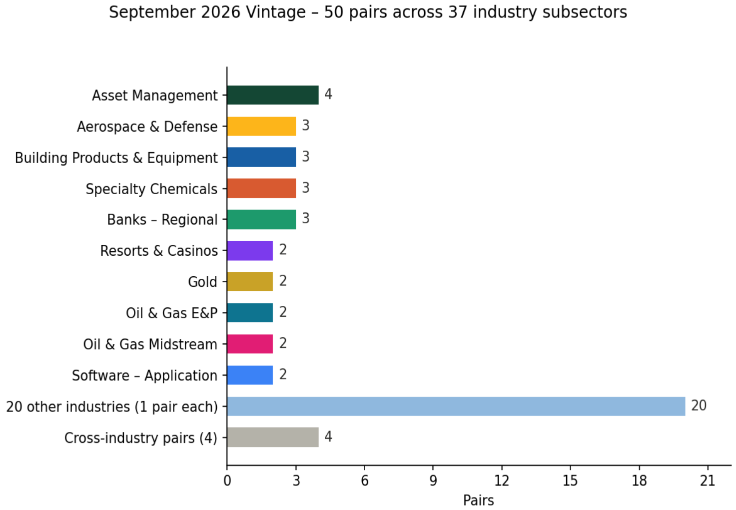
02 Portfolio construction

- **50 cointegration-validated pairs, 100 distinct tickers.** No stock appears twice, so no single name can dominate the book.
- **37 industry subsectors.** The largest, Asset Management, holds 4 pairs.
- **46 same-industry pairs** — the classic "same driver, different execution" set-up — and 4 deliberate cross-industry relationships that survived the same tests.
- **Nine pairs carry over** from the last three vintages and have traded live since selection; 41 are new to the book.
- Average stock volatility in the set is about 3%, up from roughly 2% in previous vintages — chosen for more profit per trade, not more risk per trade.



Pairs per industry subsector. Twenty subsectors contribute a single pair; no subsector exceeds four. Four cross-industry pairs are shown separately.

03 How a pair earns its place

Universe
Every U.S. mid-to-mega-cap stock, re-screened each quarter. Same-industry candidates first; cross-industry only with a structural driver.

Cointegration
The spread must be statistically stationary across the full five-year window, not just the most recent regime.

Drawdown bounded
Worst realised excursion within limits over five years — a pair that once broke badly does not get a second chance.

Repeatable edge
High win rate and positive expectancy after 0.10% per leg friction, under the exact layered entry and exit rules shipped in UA3.

04 What changed in this vintage

Five-year validation window (up from three). Every pair has now been tested through the 2022 rate shock, the 2023 regional-bank stress and the 2024–25 rotation. Pairs that only worked in one regime did not make the cut.

Second layer tightened from 3.5σ to 3.25σ. Under 3.5σ only about 15% of trades ever reached the second layer; at 3.25σ it fired on 22% of trades over five years and 25% in the last twelve months, putting that capital to work while still demanding a meaningfully deeper stretch than the 2.5σ first leg.

More moderate-to-high volatility pairs, on purpose. A pair that swings wider between entry and exit carries more profit per trade. Every pair still passes the same gates — cointegrated, drawdown-bounded, high win rate over the full five years — but where two candidates cleared them, we favoured the one with more juice. Position sizing and the layered entries keep the risk per trade where it was.

Load it in UA3: Upper Watchlist Toolbar → Autoload → "Autoload US Equities Pairs". The September 2026 vintage downloads immediately and sits alongside the previous set. Before trading a pair that is new to you, open its five-year history in UA3 and satisfy yourself that you agree with the selection — familiarity is part of the edge.

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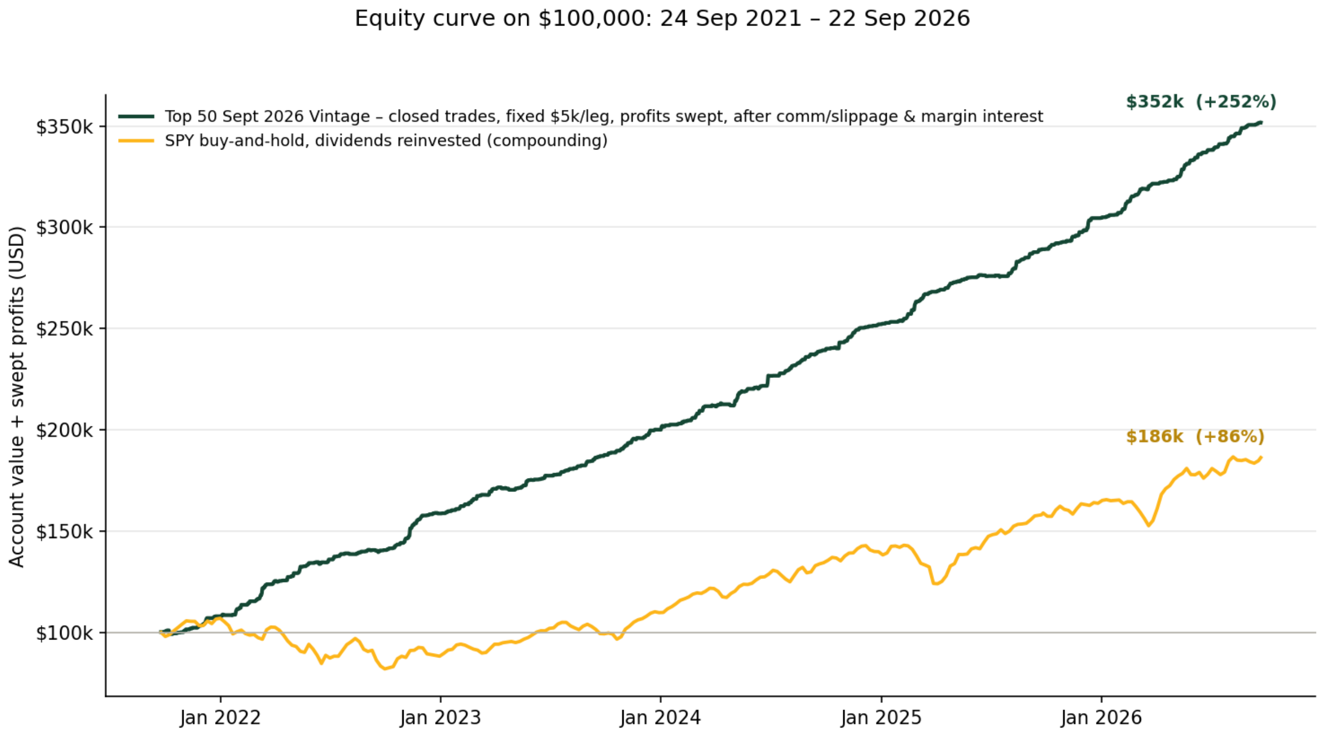
05 Year by year on $100,000 — Top 50 (simple) vs S&P 500 (compounding)

Period	Net after interest	Return on opening equity	Top 50 cumulative	S&P 500 total return	S&P 500 cumulative
Year 1 · Sep 2021 – Sep 2022	$40,437	40.4%	40.4%	-16.6%	-16.6%
Year 2 · Sep 2022 – Sep 2023	$46,582	46.6%	87.0%	19.2%	-0.6%
Year 3 · Sep 2023 – Sep 2024	$51,720	51.7%	138.7%	34.6%	33.8%
Year 4 · Sep 2024 – Sep 2025	$50,054	50.1%	188.8%	18.1%	58.0%
Year 5 · Sep 2025 – Sep 2026	$62,772	62.8%	251.6%	17.9%	86.3%
Five years	**$251,566**	**251.6%**	**251.6%**	**86.3%**	**86.3%**
Average per annum		**50.3% simple**		**13.3% CAGR · 17.3% simple**	
Average per month · alpha		**4.19%**		**1.44% simple**	**α 2.75% / mo**

Year 1 is the one to notice: the index lost 16.6% through the 2022 rate shock while the pair book made 40.4%. Every twelve-month period was positive, and the last was the best. Top 50 returns are measured against the same $100,000 each year and summed; the S&P 500 line compounds.

06 Equity curve



Top 50 line: closed-trade P&L booked on the exit date, margin interest accrued daily, on a constant $100,000 with profits swept. SPY line: weekly, dividends reinvested. The pair book never shows a visible drawdown at this scale; the index spends its first two years under water.

~14 trades a month
Median holding 16 days. Enough activity to matter, not so much that execution becomes the edge.

Best year was the last
62.8% in the twelve months to September 2026, with the tightened 3.25σ second layer firing on a quarter of trades.

Interest is a rounding error
Under $5,000 over five years, because the book runs at roughly 1x gross exposure.

Alpha, not beta
2.75% a month over five years against the index on the same simple basis; 3.74% in the last twelve.

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07 Risk — what the data shows, and what it cannot

Realised risk, closed-trade basis

Maximum drawdown	**$1,811 · 1.8%**
Worst losing streak	**3 trades**
Std deviation per trade	**$365**
Monthly P&L, average / std dev	**$4,207 / $2,791**
Worst month · negative months	**–$497 · 2 of 61**

Monte Carlo risk of ruin — 20,000 five-year paths, 20-trade blocks

Median / 99th / 99.9th-percentile max drawdown	**$1,267 / $2,055 / $2,520**
Stress: wins –30%, losses +30% — 99th pct drawdown	**$3,220**
Stress: win rate forced to 70% — 99th pct drawdown	**$2,973**
Consecutive average losses to lose 20% of equity	**74 (worst seen: 3)**

On this data the probability of even a 5% drawdown is below the simulation's resolution. That is an in-sample lower bound, not a forecast — which is why the next box exists.

Tail scenario the backtest cannot see

10% correlated move against every open pair at peak exposure, no exit fills	**–$26,699 · 26.7%**
Same shock at average exposure	**–$9,812 · 9.8%**
One leg of a two-layer trade gaps 30%	**–$3,000 · 3.0%**

Partial out-of-sample check

Nine carry-over pairs, closed trades after their selection date	**29 trades**
Wins / losses	**27 / 2**
Net profit · average per trade · worst	**$8,059 · $278 · –$336**
Same pairs before selection: win rate · average	**91.9% · $294**

Small sample, and the layer parameters changed after selection — but the edge did not decay. The full vintage has no walk-forward test yet.

The honest bracket: **1.8%** realised drawdown over five years at one end, roughly **27%** in a correlated liquidity shock at the other. What the closed-trade series cannot show you is intra-trade mark-to-market, single-name gaps, and the selection bias inherent in any curated list. Size positions for the second number, not the first.

08 Method and notes

(a) Margin interest 5.26% p.a. = average Effective Fed Funds Rate Oct 2021 – Sep 2026 of 3.76% (FRED, FEDFUNDS) + IBKR PRO markup 1.50%, accrued on each trading day (rate/252) only on gross exposure above $100,000. 5:1 CFD margin is never a constraint at these leverage levels.

(b) Position size fixed at $5,000 per leg, $10,000 per leg when the second layer fires. Profits are assumed swept out as made, so position size never changes and returns do not compound: each year is measured against the same $100,000 and years are summed. The S&P 500 comparison (SPY, dividends reinvested) does compound; a simple-basis equivalent is shown for the like-for-like alpha figure.

(c) Leverage = gross exposure (long plus short cost basis of all open pairs) ÷ $100,000, reconstructed daily from entry and exit signals. Closed-trade P&L is booked on the exit date; intra-trade mark-to-market is not shown.

(d) Monte Carlo: trade P&Ls resampled with replacement in 20-trade blocks to preserve loss clustering; 817 trades per path; 20,000 paths. In-sample by construction.

(e) Three of the 817 closed trades were carried into the window by the engine from entries before 24 Sep 2021; they net to –$1,215 and include the largest loss. Retained. Open P&L at pre-open 23 Sep 2026 (–$76) is included in Year 5 and the last-twelve-month figures.

(f) Based on Yahoo! Finance close data with 0.10% commission/slippage per leg. SPY weekly values between the three anchor dates are digitized from the Yahoo! Finance chart, accurate to about ±0.5%.