

Commodity Diversification Rank

Relative diversification behaviour across liquid commodity ETF exposures

Date **June 2026**

Scope **Historical simulation**

Executive Summary

Commodity Diversification Rank is a ranking signal designed to compare relative diversification behaviour across liquid commodity exposures using a fixed research universe. In the historical simulation, the 63d horizon is the primary current evidence point. The result is best read as ranking evidence for research library use, not as a live allocation or standalone product.

Headline metrics

Primary research horizon	63d
63d rank spread	2.34%
Rank IC	0.128
Long-leg return	4.32%
Average turnover	4.00%

Observations

1. Ranking evidence is strongest around the 63d research horizon.
2. Spread formation improves as the tested horizon lengthens.
3. The signal is best interpreted as a commodity sidecar ranking component inside broader systematic allocation research, not a standalone product.

Data and Research Setup

The research uses a fixed liquid commodity etf proxy universe intended to represent broad ranking evidence rather than a current instrument list. The universe is held constant across horizon comparisons, so the results are not driven by changing the tested universe from one horizon to another.

Input data

Inputs are daily ETF closing-price inputs. Returns, ranks and forward comparisons are evaluated from the same source and calendar alignment. The validation sample used here runs from 31 May 2016 to 30 Jan 2026.

Research universe

The tested universe contains approximately 9 instruments at the primary horizon. The note presents aggregate ranking evidence at the universe level.

Comparison convention

Tested horizons are 1d, 5d, 10d, 21d, 63d, 126d, 252d. All comparisons use the same assumptions and ranking convention.

Signal Methodology

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

1. Diversification measurement

The signal evaluates relative behaviour across commodity exposures rather than treating the basket as one undifferentiated commodity block.

2. Commodity exposure ranking

Each exposure is placed on a common ranking scale against the rest of the liquid commodity proxy universe.

3. Medium-term horizon evaluation

The ranking evidence is compared across short and medium-term horizons to separate persistent relative behaviour from short-window noise.

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

Results and Horizon Context

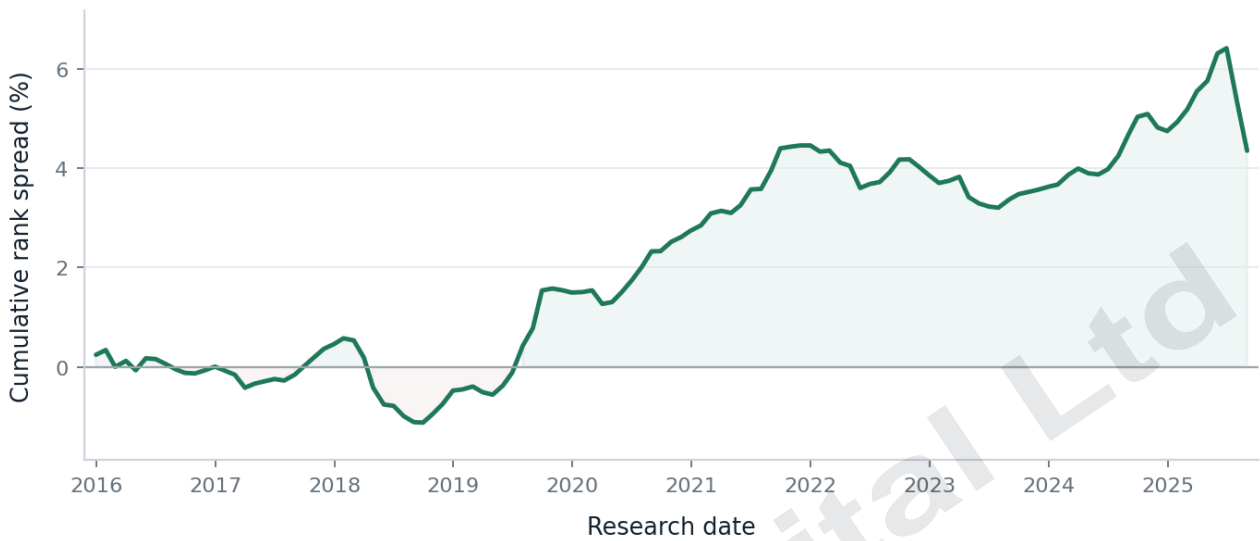


Figure 1. Cumulative 63d top-minus-bottom rank-spread contribution. Long-horizon forward observations overlap, so the series should be read as a ranking diagnostic, not as a standalone portfolio NAV.

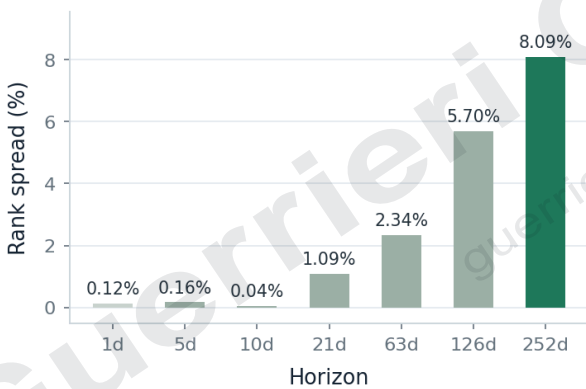


Figure 2. Top-minus-bottom spread by tested horizon.

Horizon	Rank spread	Rank IC	Long-leg return	Turnover
1d	0.12%	0.016	0.25%	4.00%
5d	0.16%	0.018	0.38%	4.00%
10d	0.04%	-0.021	0.73%	4.00%
21d	1.09%	0.066	1.58%	4.00%
63d	2.34%	0.128	4.32%	4.00%
126d	5.70%	0.174	8.95%	4.00%
252d	8.09%	0.161	15.86%	4.00%

The horizon profile is coherent rather than a one-point result. The preferred reading is conservative: the table shows historical rank separation under a fixed comparison setup, not a live trading instruction.

Stability and Robustness

Horizon stability is the main robustness evidence in this note. The result should be read through the full profile, not only the headline horizon. The horizon profile is coherent rather than a one-point result.



Figure 3. Rolling 63d top-minus-bottom rank spread. The line shows a smoothed research profile, not a live allocation path.

Yearly evidence

Year	Obs.	Avg rank spread	Avg rank IC
2019	12	7.43%	0.139
2020	12	8.37%	0.164
2021	12	8.20%	0.511
2022	12	0.72%	0.064
2023	12	-2.71%	-0.176
2024	12	5.47%	0.246
2025	12	5.55%	0.285
2026	1	-60.04%	-0.917

Interpretation

The yearly slices are useful as a stability check, but they should not be over-read. Long-horizon observations overlap and the sample may not cover every market regime. The useful question is whether the result sits inside a coherent ranking pattern rather than depending on one isolated date range.

Research Interpretation

Role in the research library

Commodity Diversification Rank sits naturally as a commodity sidecar ranking component inside broader systematic allocation research. Its role is to help order a research universe by relative diversification behaviour across liquid commodity exposures.

What it captures

The signal captures relative diversification behaviour across liquid commodity exposures. The economic rationale is that commodity exposures can move through distinct supply, demand and inflation channels, so relative behaviour can carry useful allocation information.

Where it may be useful

The most natural use is as a ranking or filter component. It can help identify which exposures deserve more attention inside a wider allocation or selection framework, where sizing, risk controls and cost assumptions are handled separately.

Known limitations

- The research evaluates ranking evidence only; it does not specify a live allocation or execution process.
- Long-horizon forward observations overlap, so cumulative rank-spread figures should be read as diagnostics.
- The note does not disclose formula details or implementation parameters.

The historical evidence supports retaining the signal in the research library as a ranking component. The result is diagnostic rather than a standalone product result.