

Liquidity Shock Reversion and Rank

Short-horizon reversion evidence following liquidity stress episodes.

FAMILY	UNIVERSE	RESEARCH HORIZON
Liquidity equity rank	Broad equity universe	21d

Executive Summary

Liquidity Shock Reversal Rank evaluates whether liquidity-stress observations are followed by partial forward reversal. The 21d row is the preferred evidence window in this validation set.

Preferred horizon	21d
Rank spread	0.05%
Rank IC	0.048
Long-leg return	2.21%
Average turnover	not reported

Observations

- 1 The preferred evidence window is shorter than slow-moving fundamental signals.
- 2 Spread evidence is modest and should be used as an event-like diagnostic.
- 3 The signal is best paired with liquidity and risk controls in research comparisons.

Data and Research Setup

The research setup holds the comparison universe and return horizon conventions constant across the horizon tests shown in this note.

Universe

Broad listed-equity comparison universe with a constant validation setup across horizons.

Inputs

Daily close-derived returns and issuer-level research features available at the evaluation date.

Horizons

Multiple forward windows are compared using the same universe and assumptions.

Exclusions

Instrument sets and common corporate ranks are intentionally excluded.

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Signal Methodology

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

STEP 1

Liquidity-shock measurement

The signal identifies issuer observations with liquidity-stress characteristics.

STEP 2

Cross-sectional ranking

Names are ranked by the liquidity-shock lens and compared by forward return groups.

STEP 3

Short-to-intermediate review

Forward windows test whether stress episodes are followed by partial reversal.

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

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Results and Horizon Context

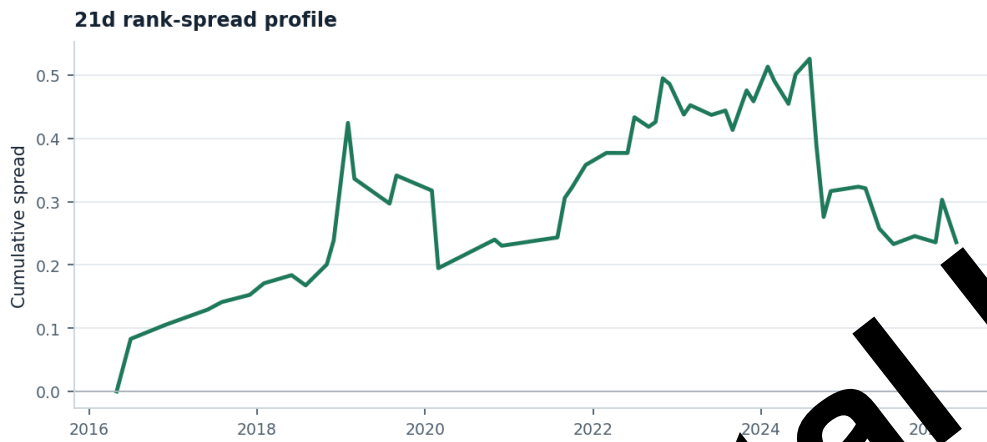


Figure 1. Cumulative 21d top-minus-bottom rank-spread contribution. Long-horizon forward series runs over the series should be read as a ranking diagnostic, not as a standalone return path.

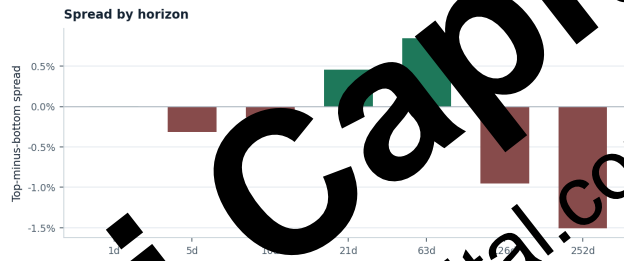


Figure 2. Top-minus-bottom spread across test horizons using the same signal family and comparison setup.

HORIZON	SPREAD	RANK IC	LONG-LEG RETURN	TURNOVER
1d	0.01%	0.006	0.42%	not reported
5d	-0.31%	0.022	0.46%	not reported
10d	-0.14%	0.031	0.88%	not reported
21d	0.42%	0.048	2.21%	not reported
63d	0.85%	0.070	5.92%	not reported
252d	-0.95%	0.041	10.50%	not reported
252d	-1.50%	0.023	20.58%	not reported

The table reports historical rank evidence under the stated universe and horizon assumptions. Positive spread means the higher-ranked group exceeded the lower-ranked group over the measured forward window.

Stability and Robustness

Stability is assessed through horizon coherence and date-level variation rather than a single terminal number.

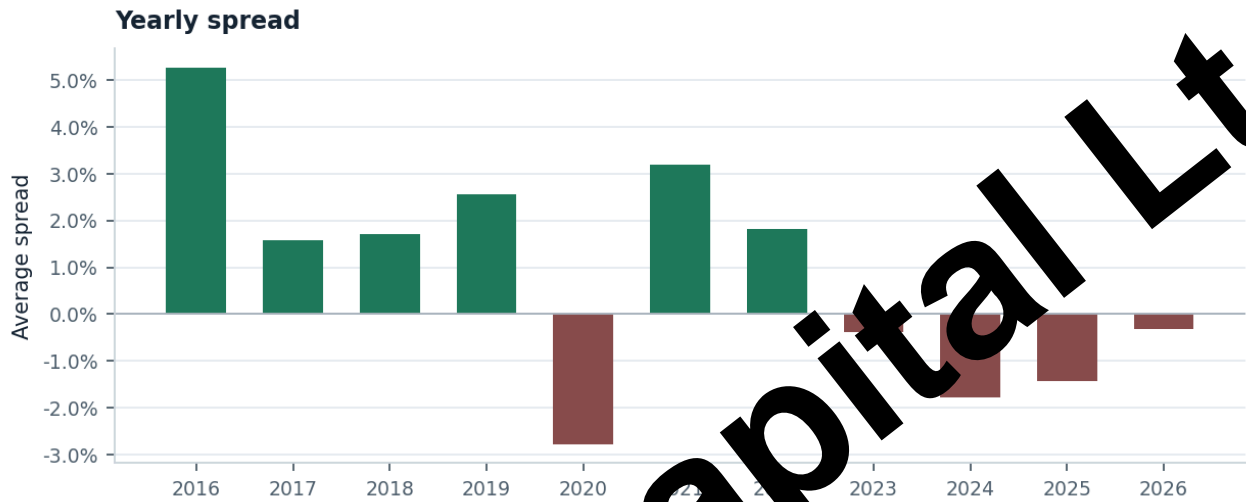


Figure 3. Yearly average 21d rank-spread contribution for the preferred horizon

YEAR	AVG SPREAD	AVG IC	PERIODS
2018	1.72%	0.079	5
2019	2.56%	0.007	4
2020	-2.78%	-0.037	4
2021	3.19%	0.115	4
2022	1.83%	0.076	7
2023	-0.39%	0.019	7
2024	-1.77%	0.022	8
2025	-1.42%	-0.012	5
2026	-0.32%	0.040	3

The result should be read with the yearly variation in view. Coherence across nearby horizons is more informative than a single best row.

Research Interpretation

The balanced interpretation is to treat the evidence as a research-library component and not as a standalone product claim.

Role in library

Liquidity-event reversal diagnostic.

Captures

Potential recovery behavior after short-term liquidity pressure.

Where useful

Useful as a caution or reversal lens around liquidity-sensitive equity names.

Known limitations

Liquidity stress can persist, and reversal evidence can be regime dependent.

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