

Market Collectivity Entropy

Cross-regional market collectivity as a tactical risk diagnostic.

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guerriericapital.com

Executive Summary

This note summarizes historical rank evidence for Market Collectivity Entropy. Metrics are reported as research diagnostics under the source-run assumptions and should be read as evidence about ranking behavior, not as a live recommendation.

Preferred horizon	21d
Top-bottom spread	0.97%
Rank IC	0.191
Long-leg return	n/a
Average turnover	0.00%

1. The preferred diagnostic horizon is 21d, where the recorded rank spread is 0.97%.
2. Rank IC is positive in the reported research run at 0.191.
3. The result is best read as a research-library risk diagnostic, not as a standalone product.

Data and Research Setup

UNIVERSE

Eight broad regional equity baskets used for cross-market risk diagnostics.

INPUTS

Daily regional equity price histories aggregated into monthly research observations.

CADENCE

Monthly cross-regional risk review at a 21d forward horizon.

COMPARISON BASIS

Comparisons use the same universe and source assumptions inside each run. The note excludes instrument-level lists and live recommendations.

The source files were used for historical research extraction only. This note does not include instrument-level lists or position-level recommendations.

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Signal Methodology

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

1. **Signal measurement.** Measures how strongly regional equity markets move as a common system rather than as independent exposures.
2. **Cross-sectional ranking.** Ranks monthly regional observations by the intensity of that collective state.
3. **Horizon evaluation.** Evaluates whether elevated collectivity is associated with later cross-regional return differences.

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

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Results and Horizon Context

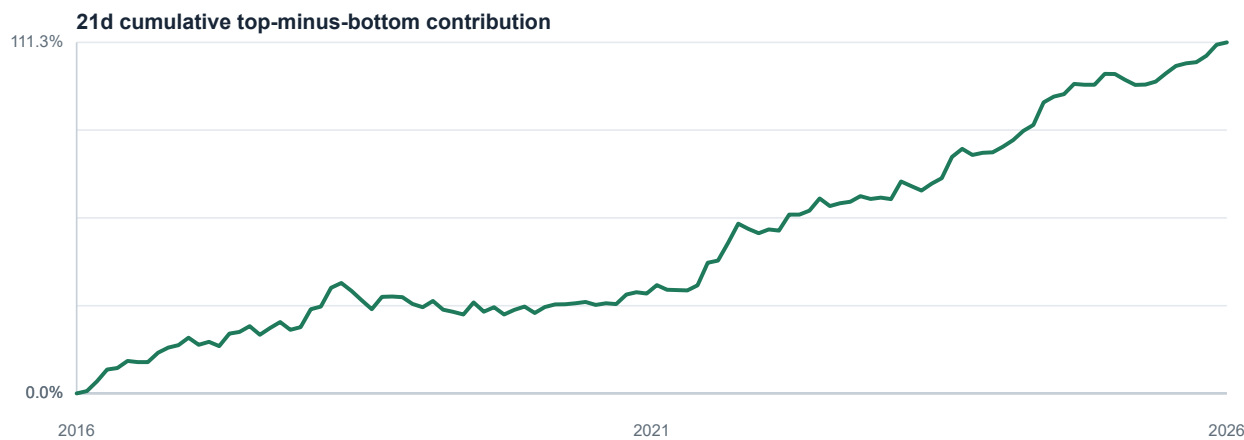


Figure 1. Cumulative 21d top-minus-bottom rank-spread contribution. Long-horizon forward observations can overlap, so the series should be read as a ranking diagnostic, not as a standalone portfolio NAV.

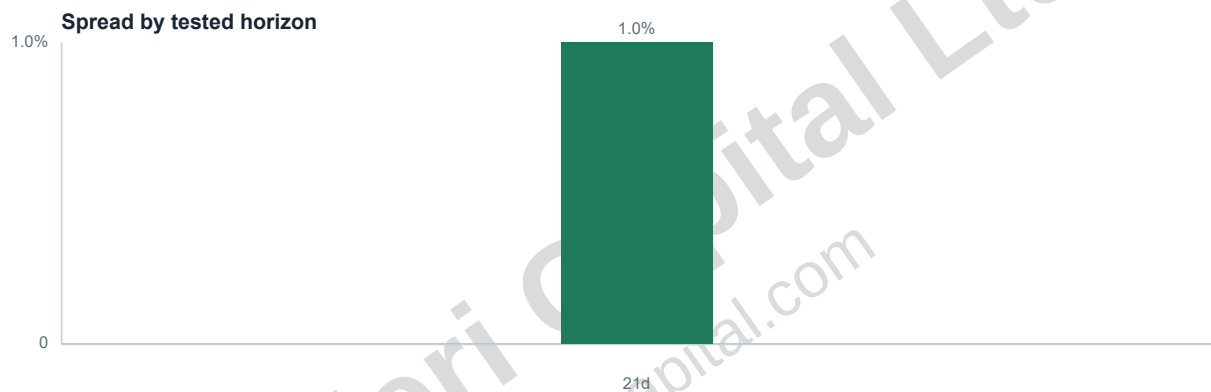


Figure 2. Spread profile across the tested horizons available in the source validation summary.

Horizon	Rank spread	Rank IC	Long-leg return	Turnover
21d	0.97%	0.191	n/a	0.00%

Stability and Robustness

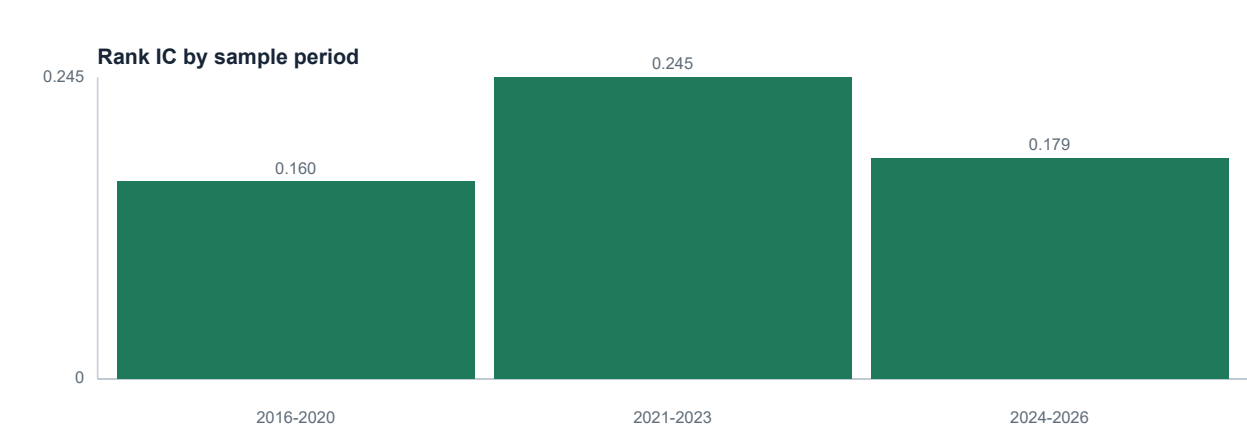


Figure 3. Rank-IC evidence across chronological sample periods from the source OOS audit.

Chronological sample splits provide the appropriate stability view for this diagnostic.

Positive-year fraction	n/a
Universe size	8
Validation dates	113

Research Interpretation

ROLE IN RESEARCH LIBRARY

Cross-regional tactical risk diagnostic inside the research library.

WHAT IT CAPTURES

The degree to which broad regional equity markets move as a common system.

KNOWN LIMITATIONS

The cross-section contains eight regional baskets, so the result is a compact risk diagnostic rather than a broad standalone ranking strategy.

The evidence supports retaining the signal in the research library where it can be compared with related components under the same assumptions.

Historical research output. Not investment advice. Not a live recommendation.

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