

# Liquidity Shock Reversal Rank

Short-horizon reversion evidence following liquidity stress episodes.

<b>FAMILY</b> Liquidity equity rank	<b>UNIVERSE</b> Broad equity universe	<b>RESEARCH HORIZON</b> 21d
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## 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	<b>21d</b>
Rank spread	<b>0.45%</b>
Rank IC	<b>0.048</b>
Long-leg return	<b>2.21%</b>
Average turnover	<b>not reported</b>

### Observations

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

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## Data and Research Setup

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

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### Universe

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

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### Inputs

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

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### Horizons

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

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### Exclusions

Instrument lists and contemporaneous ranks are intentionally excluded.

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# Signal Methodology

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

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## STEP 1

### Liquidity-shock measurement

The signal identifies issuer observations with liquidity-stress characteristics.

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## STEP 2

### Cross-sectional ranking

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

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## 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.

## Results and Horizon Context

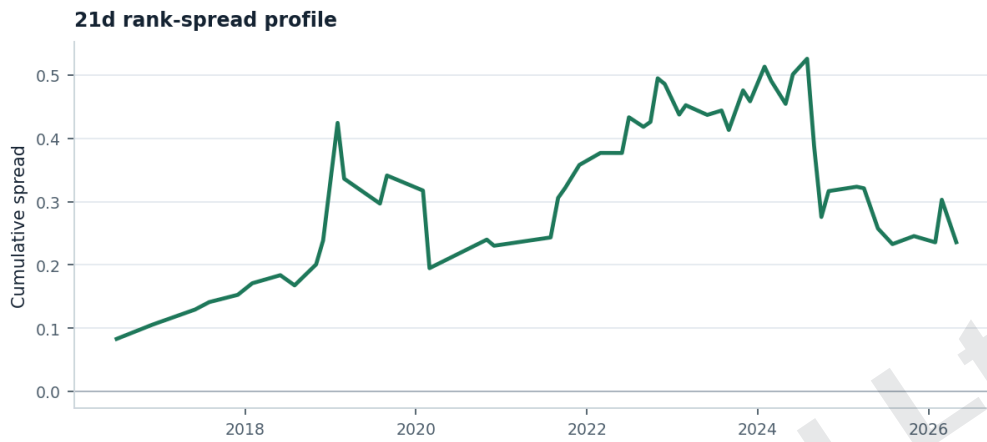


Figure 1. Cumulative 21d top-minus-bottom rank-spread contribution. Long-horizon forward observations overlap, so the series should be read as a ranking diagnostic, not as a standalone return path.

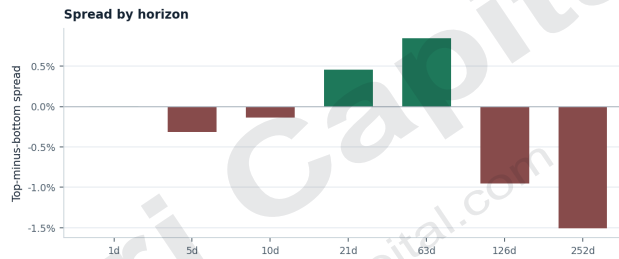


Figure 2. Top-minus-bottom spread across tested horizons using the same signal family and comparison setup.

HORIZON	RANK SPREAD	RANK IC	LONG-LEG RETURN	TURNOVER
1d	0.01%	0.036	0.42%	not reported
5d	-0.31%	0.022	0.46%	not reported
10d	-0.14%	0.031	0.88%	not reported
21d	0.45%	0.048	2.21%	not reported
63d	0.85%	0.070	5.92%	not reported
126d	-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.

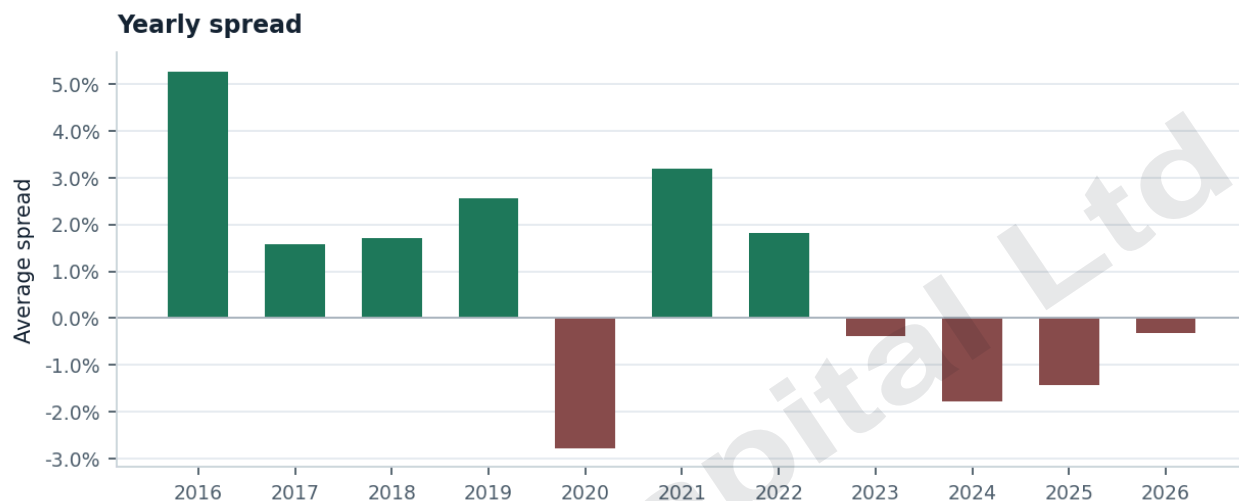


Figure 3. Yearly average 21d rank-spread contribution for the preferred horizon.

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.

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### Role in library

Liquidity-event reversal diagnostic.

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### Captures

Potential recovery behavior after short-term liquidity pressure.

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### Where useful

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

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### Known limitations

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

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