Building an equity read

> **EQUITY READ**
>
> A view assembled from the module's parts - the business audit, the expectations game, the sector context, the multiple, structure - that names its factor, its audit date and its invalidation price. The factor line is equities' own requirement: a read that cannot say whether it is a view on the machine or the mood is not yet a read.

Fourth asset class, same closing assembly - with one requirement no other track needed, because no other track's prices had two factors.

The assembly

The factor, first: machine or mood - lesson 1's split. 'Earnings will beat the walk-down' is a machine read, audited at results. 'The sector re-rates as rates turn' is a mood read, audited by the multiple against the macro calendar. Both are legitimate; an unnamed blend is neither.The difference from consensus: the audit (lesson 2), the game (lesson 3) and the read-across (lesson 4) locate where your number differs from the priced one - the four-track requirement, unchanged.The date: results for machine reads, the macro calendar for mood reads - lesson 6's dates, one of which will grade the view.The invalidation: the structure level (lesson 7) or the factor event that would refute the read - written, priced, and handed to module 4's machinery with the worked shape below.

What equity reads inherit from four tracks

Occasionality: a watchlist of a dozen names might yield a few genuine reads a quarter, because differentiated views of well-audited companies are rare by construction - and 'the consensus looks right' remains the honest usual output. Humility about mechanism: mood reads especially are crowd-reads, and the FX track's scepticism applies at full strength to the multiple half. And the handoff: analysis decides whether and where; the risk plan decides how much; the boundary has not moved in four asset classes.

The track's analysis, in one line

Know the machine from its own numbers, the mood from its own gauges, and which one your trade actually needs - then let the calendar grade it. Module 6 turns the recurring versions into rules.

Worked example - figures in USD

An equity read converted to a trade: entry £8.00, stop £7.40, target £9.20. Ratios of prices carry no currency, so a USD account runs the same arithmetic.

1. The read: the business half is improving faster than consensus models, the next results date will show it, and the sector is quiet. Entry £8.00, stop £7.40 - beyond the name's range, per module 4 - target £9.20, where the re-rating the read expects completes.
2. £0.60 of risk against £1.20 of reward per share: a ratio of 2.0, break-even at a 33.33% win rate.
3. The read named its factor, its date and its invalidation - and now it is a shape module 4 can size and module 6 can test. Analysis ends where those numbers begin.

Check your understanding

1. Why must an equity read name its factor before anything else?

a. Compliance requires it

b. Machine reads and mood reads have different audits, different tools and different risks - an unnamed blend cannot be tested, sized or graded

c. Factors determine commission rates

Answer: b. Price is earnings times multiple, and the two factors answer to different calendars and different disciplines. The factor line is what makes an equity view a read rather than a feeling.

2. What is the honest usual output of working a dozen names at depth?

a. A read per name per week

b. 'The consensus looks right' - genuine differentiated reads are rare by construction, and their rarity is evidence the process is honest

c. A portfolio rebalance

Answer: b. Well-audited companies carry well-informed prices. The four-track lesson stands: a process that finds edges weekly is finding its own reflection - the occasional real read is the product.