Three index positions are usually one exposure

> **EXPOSURE COUNT**
>
> How many independent positions you are actually holding, as opposed to how many tickets you have open. Index products move together closely enough that several positions across major indices are usually one exposure at several times the intended size.

This is a counting lesson. Not a lesson about spreading risk, choosing markets or building a portfolio - simply about answering "how much of this am I holding" correctly.

The count that matters

Open a long on a US index, a long on a European index and a long on another US index, each sized at 1% risk. The ticket count is three. The exposure count, when those markets move together, is closer to one position at 3%.

You did not decide to risk 3%. You decided to risk 1%, three times, and the arithmetic of correlation turned that into something you never chose.

Why indices specifically

Module 2 lesson 9 covered the reading side: major indices share constituents, share macro drivers, and are traded as a bloc by participants expressing one view across several markets.

The risk consequence is that the diversification appears in the ticket list and not in the account. Two US indices in particular overlap so heavily in their largest constituents that treating them as separate exposures is closer to an accounting error than an approximation.

The default worth adopting

Treat US indices as one exposure until you have evidence otherwise. That is the seeded instruction of this module and it is deliberately blunt - the errors it prevents are large, and the cost of being wrong about it in the cautious direction is small.

Evidence otherwise means measured, over a window you can state, with the instability from the FX track's correlation lesson in mind: the number rises exactly when it matters most, so a comfortable reading from a calm period is the least reliable one.

How to count

Group positions that share a driver, not positions that share a name.Sum the risk inside each group, and compare that total against what you would accept on a single position.If the group total exceeds it, the position is too large regardless of how many tickets it arrived in.

The result is often uncomfortable: an account holding six positions may be holding two, at three times the size each. Knowing that is not a reason to close them, and this lesson recommends nothing about what to do next. It is a reason to know the number before the market tells you.

The one thing this lesson is not

It is not an argument for diversifying across markets. Whether spreading exposure is worth doing is a strategy question with its own arguments, and it is not this module's subject.

The claim here is narrower and harder to argue with: whatever you are holding, count it honestly.

Check your understanding

1. Three long index positions at 1% risk each, in markets that move together. What are you risking?

a. 1%, spread across three markets
b. Closer to 3% on one exposure
c. 3%, but diversified

Answer: b. The ticket count is three and the exposure count is nearer one. You decided to risk 1% three times, and correlation turned that into a size you never chose.

2. What is the default this module recommends for US indices?

a. Treat them as one exposure until measurement shows otherwise
b. Trade only one at a time
c. Halve the size on each

Answer: a. Deliberately blunt: the errors it prevents are large and being wrong in the cautious direction is cheap. Evidence otherwise means measured, over a stated window.

3. What does this lesson say about whether to diversify across markets?

a. That it reduces risk and should be preferred
b. Nothing - it is about counting what you hold, not about what to hold
c. That it is ineffective for indices

Answer: b. Whether to spread exposure is a strategy question with its own arguments. The claim here is only that whatever you hold should be counted honestly.