



Trade 3
Short DOCS

	Date		22-Feb-22
	Security		DOCS (equity)
	Long, short, other		Short
The idea	Idea source	Elevator pitch	High price-to-sales stocks in industries that were hot due to COVID should be sold on rallies. DOCS fits that description perfectly
		Events or news	Earnings spike offers a nice entry point
		Deviation from fair value	Teladoc collapsing
		Pattern recognition / indicators	Last volume spike was never retested
Filters	Tailwind or headwind and why?	Narrative cycle	Nobody likes overpriced US stocks anymore. There IS an alternative
		Positioning and sentiment	Short interest 9% of float (some danger here)
		Events and catalysts	Earnings just passed
		Correlated markets	Teladoc collapsing
		Technicals	Volume spike, horizontal resistance
	Alternative hypothesis	What might go wrong? Pre-mortem	Through \$60 I'm out. Overnight gap risk is not zero.

Tactics	Trade structure	Best asset, market, structure?		Stock	
		Microstructure considerations		Overnight gap risk is possible. Be careful with sizing.	
		Entry		56.00	Stick to the original plan
		Stop loss		60.51	
		Take profit		50.21	
	Other reassessment triggers		None. Stick to the plan.		
Risk management	Conviction level	TYPE I, II, or III	TYPE I		
	Free Capital		\$	100,000	
	% of free capital		2.00%		
	\$ at risk		2,000		
	Solve for position size		443		
	Any issues with liquidity or capacity?		No. Tiny position.		
Execution	Execution notes (limit, market, etc.)		56 limit		
	Automate or outsource stop loss		Yes		
	Enter trade in journal		Yes		
Psychology	What emotions are involved here? Do I feel anything unusual? List emotions or possible pitfalls.		Expecting some negative feedback from fans of the stock but I tried to explain why investment is different from trading.		
Performance Analysis	Post-mortem				
	Lessons				
	What is working and what is not?				