

# ***“The ALPHA Circle”***

*The Alpha Circle* is created and perpetuated by flawed paradigms that lead to mental and behaviorally programmed failure.

First, Participants are lured by observing extraordinary gains – hundreds of percentage points, or more.

The ALPHA thus appears to be infinite.

Second, Participants believe that such gains can be consistently extracted from Markets.

It is human nature to want (*Greed-Avarice*) and believe (*Arrogance-Hubris*) they can secure a substantial portion of such gains.

Thus because they believe they can indeed secure such large gains (*infinite ALPHA*) the logical progression is that they must anticipate/predict what is going to occur in order to secure such.

Because they anticipate/predict, it is thus follows that they must have the Risk to get such gain and they accept such premise without question. This is logical – *from the original premises relied on, viz., large gains can be consistently monetized.*

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The mental/behavioral equation is thus as follows:

$$\begin{aligned} & \text{Gain in hundreds of percentage points ( *Greed-Avarice* )} \\ & + \text{Anticipation/Prediction of outcomes ( *Arrogance-Hubris* )} \\ & = 100 \% \text{ Risk. ( *Acceptance* )} \end{aligned}$$

This is the mental trap that virtually all Participants are unable to escape from – because they are based upon three *visceral elements of human nature* - *Greed, Arrogance & Acceptance* – hence creating a strong internal foundation for the flawed paradigms.

The real secret and fundamental truth is that such gains, while true on the surface, are but a mirage in the desert.

Over time such gains cannot be consistently monetized – the very techniques that deliver the seemingly infinite ALPHA are precisely those which will give it back.

ALPHA is inherently mercurial and thus the extractable ALPHA is *finite*.

In reality only around 15-25 percent is the best that can be averaged annually over time on *aggregate Capital*.

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There is ample and irrefutable empirical proof of these facts:

*As to the ALPHA itself, as well as the high end of any averaged long term returns, by anyone or any group.*

Thus once you accept these truths, you can then take the next logical step that such extractable *ALPHA* can be monetized with a *Limited Risk profile* – since you are seeking a much smaller percent.

Ergo, because of the latter it follows that you do not need to anticipate/predict, given the inherent cyclical movement that occurs repetitively – without fail, as night follows day.

“Why” is irrelevant; is it “What” that is relevant.

You thus take position on the basis of the *probable/possible* outcomes, without regard to *anticipation/prediction*.

Most Participants never reach this point.

There are two reasons.

Human Nature and the quintessence of the game itself.

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*Arrogance, Greed and Acceptance* are the operative human elements.

In the game itself, Participants must believe that the open ended risk is necessary – because it is ultimately a zero sum game.

Somebody must lose for the winners.

This is at the core, the transfer of wealth from the hands of the many, to the hands of the few.

*The belief in Open Ended Risk one of the means by which Participants acquiesce in the transfer of their wealth.*

If everyone really understood these principles, nobody could win.

The game wouldn't work.

The belief in the necessity of 100% risk is what actually causes the losses.

It is thus a self-reinforcing program for failure.

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# ***“The ALPHA Circle”***

Trying to achieve that which can't be achieved – and all of the mental and behavioral elements that follow therefrom to the fruitless end.

Participants are programmed to fail and indeed do over time.

This is *The ALPHA Circle*.

Once one apprehends, accepts and embraces these principles of *The Alpha Circle* - the next step can be taken:

Understanding the seminal principals of Markets:

***Time is Lineal and Yield is Circular***

- and how these principles manifest themselves in Markets.

