



Alpha 1 - Market Tide Strategy

a. Alpha Hypothesis

- When considering the market as a whole, there exists a particular combination of assets that is least influenced by short-term noise - like a **tide** moving deep beneath a choppy surface - and therefore exhibits the most persistent behaviour over time.
- By systematically uncovering this stable combination, we can infer the underlying market direction and trade accordingly: **we increase exposure when this deep market signal is rising and reduce or reverse exposure when it weakens or turns downward.**

c. Key risks and Failure modes

- Weak or Disappearing Market Structure.** If the crypto market becomes dominated by short-term speculation or random price action, the slow structural signal may weaken or disappear.
- Sudden Regime Shifts.** Sharp events such as exchange failures, regulatory shocks, or liquidity crises can overwhelm slow-moving patterns and cause temporary losses.
- Whipsaw in Sideways Markets.** In choppy environments without a clear underlying direction, the strategy may enter and exit positions without sustained follow-through.

d. Practical Limitations

- Not a Short-Term Trading Strategy.** Designed for medium-term structural movements, not intraday or event-driven trading.
- Dependent on Liquidity Quality.** Requires sufficiently liquid assets to control transaction costs and slippage.
- Performance Is Regime-Dependent.** Best suited for markets with sustained directional or structural behaviour; performance may be flat or negative in prolonged sideways regimes.

b. Alpha Generation Logic and Workflow

