PREDICTIVE/ALPHA PRIME

A.I. INVESTING REVOLUTION

Introducing The Biggest Trading Breakthrough of the Decade

By now, you've heard the incredible news.

It's spreading around the world like wildfire.

In December 2022, the revolutionary artificial intelligence program called "ChatGPT" made its public debut – and it became a worldwide sensation.

ChatGPT is a hyperintelligent computer program that can write novels, screenplays, PhD dissertations, and research papers – all in a way that is indistinguishable from humans.

Microsoft founder Bill Gates says ChatGPT is as significant as the invention of the Internet and will "change our world."

Google CEO Sundar Pichai has said A.I. is "one of the most profound things we're working on as humanity. It's more profound than fire or electricity."

Then in March 2023, not long after ChatGPT stunned the business community, a new version, Chat GPT-4, debuted and was even more powerful than the previous version.

The uses of ChatGPT – and its implications – are beyond enormous, which explains why ChatGPT was adopted by over one million people in just five days... the fastest rate of technological adoption in history.

As a point of reference, it took Facebook 10 months to reach one million users, and it took over a year for Twitter.

Let that sink in. It took Facebook 10 months to reach 1 million users. ChatGPT did it in just five days.

The world is scrambling to grasp the implications here.

Google executives called a Code Red meeting.

Bank of America equity strategist Haim Israel advised clients that we are at an inflection point in history, "If data is the new oil, then A.I. is the new electricity," he wrote.

And the mainstream media is rushing to cover the story.

While ChatGPT has caught the mainstream media and most stock market personalities off guard, none of this came as a surprise to *TradeSmith* executives or our research team.

TradeSmith is one of world's leading investment data analytics firms. We have a staff of 36 data scientists, software engineers, and investment analysts working on developing and maintaining our investment software and market analysis algorithms. Our team literally has hundreds of years of collective experience in the software development and data science fields.

So, it's no surprise we developed deep artificial intelligence knowledge years ago. We've been using it for years to design strategies that help ourselves and our customers beat the market.

Our market-crushing, world-beating, mega hit options analysis programs? Those employ A.I.

Put differently, we were A.I. experts before A.I. was cool.

Now that A.I. is cool in the eyes of the media, we're seeing a lot of people writing about it as if they are experts.

People who can barely turn on a computer are claiming to be A.I. experts. Many of these people don't know artificial intelligence from artificial flavors.

As a company that has integrated A.I. into its systems for years, we can tell you that the hype around A.I. and next-generation data analytics is justified.

As mentioned above, ChatGPT and other A.I.-powered programs can write novels, screenplays, PhD dissertations, and research papers... all in a way that is indistinguishable from humans. But the list of ways A.I. has changed the way we live is longer than you might think.

- A.I.-powered data analytics is revolutionizing pro sports. When you watch an NFL game, they have probabilities and stats all over the place. The Boston Red Sox finally won the World Series in 2004 because they used data analytics to field a winning team. The Chicago Cubs broke a long World Series drought with data analytics as well.
- In 1997, the artificial intelligence program Deep Blue defeated the world's best chess player.
- In 2016, an A.I. program defeated a world-class Go player. (Go is much more complicated than chess, so the victory was a major milestone in computer history.)
- A.I. can now beat the best cancer doctors at spotting cancer on X-rays.
- Uber uses A.I. to dispatch drivers and link them with customers.
- Amazon uses A.I. to recommend potential purchases to you.
- Facebook uses A.I. to arrange and customize its news feeds.
- Dating sites like Match.com use A.I. to help people find potential soulmates.
- Health care companies are using A.I. to scan DNA, blood, and other test results to spot problems with greater accuracy than human experts.
- Recruiting firms are using A.I. to sift through resumes and job applications and recommend the best candidates. No humans needed.

Right now, many people are saying "The A.I. revolution is here." We say, "You're right – it's been here for a long time. You just weren't aware of it."

Really, Really Powerful Software

At its core, A.I. is simply just really powerful software running on really powerful computers.

If you've paid attention to the biggest tech and business trends of the past 30 years, you know why that is such a big, big deal.

Over the past 30 years, software has massively improved our ability to collect, analyze, and act on information. It has allowed us to make a quantum leap in human prosperity and efficiency.

A great software program can help you make smart business decisions, find travel deals, talk to loved ones, and get a cheap ride home.

Software has massively improved our ability to communicate, share information, transact, and gather and analyze data.

Health care, education, transportation, manufacturing, energy production, food production, retail, banking, you name it... software programs have allowed us to do it much more efficiently.

For example, one person running an Excel spreadsheet on a computer can do the work of a million accountants from days past.

One person running payroll software on a computer can do the work of a million back-office workers from days past.

One person running logistics software on a computer can do the work of a million railroad managers from days past.

Think of all the software-based products and services that bring us joy or save us time, money, and frustration: Google, Microsoft Word, Uber, Facebook, restaurant reservation apps, Expedia, the iPhone operating system, Excel, Waymo, PayPal, DocuSign, airline booking software, online bill paying, online brokerages, etc.

The list of things that software does better and faster than us – saving us tons of time, frustration, and headaches – goes on for miles.

This brings me to the financial markets.

You see, there's no bigger, more lucrative set of data points than the history of American stock prices and corporate financial statements. All this information would fill libraries if it was printed on paper.

Fortunately, our ability to understand and act on information has skyrocketed over the past 30 years.

This is because, in the past three decades, the cost of computing power has plummeted – while computing power itself has skyrocketed.

For example, in 1996, the ASCI Red Supercomputer was the first computer to reach the speed of 1 Teraflop. Reaching this speed earned ASCI Red the prestigious title of "world's fastest computer."

ASCI Red took up a tennis court-sized amount of office space and cost $55 million to make.

Just 10 years after ASCI Red went into service, Sony released its PlayStation 3 video game console. It had almost twice the computational power as ASCI Red... and cost less than 1% to make.

Plus, the PlayStation 3 could fit in a backpack.

This is an easy-to-picture way to prove an important point: Computers are advancing in speed and power at a stunning rate.

Thanks to advancements in computing power, we can now perform amazingly complicated analytical projects for ridiculously low prices, which has revolutionized our understanding of the world.

Thanks to low-cost super computers, an analytical project that took one month to complete in 1996 can be performed today in less than one minute… and at less than 1% of the cost.

Hugely expensive data analysis projects that were only in the realm of governments and large corporations can now be performed by a teenager in his parent's basement at essentially no cost.

The massive increase in computing power now allows us to gather, record, and monitor trillions of data points, signs, and clues from all walks of life… and then determine exactly what they mean.

We're using this new technology to uncover hidden correlations, secret relationships, and signals in the data.

We're finding meaningful "cause and effect" relationships where in the past, we only found meaningless noise.

With this incredible computing power and A.I. at our fingertips, we embarked on the most important research projects of *TradeSmith*'s history… one that could help you make much bigger stock market returns than you're making now, while taking less risk.

We call this "Project An-E" (pronounced Annie).

With the help of powerful computers, we conducted Project An-E with a simple goal in mind: Determine the attributes of stocks most likely to go up in the near future.

Put differently, get as close as possible to having tomorrow's newspaper.

As you know, every public company has hundreds of data points related to its business and its stock.

There's annual earnings, quarterly earnings, net profits, gross profits, sales, P/E, return on equity, tangible assets, stock price momentum, trading volume, and relative strength just to name a few.

But which of those data points are proven – beyond a shadow of a doubt – to have real-world, profit-producing predictive power?

Is a low P/E the best predictor of future stock returns?

Is blazing sales growth the best predictor of future stock returns?

Is positive stock price momentum the best predictor of future stock returns?

Is it a combination of factors?

Those are the questions we set out to answer. We wanted to find what really works in the stock market.

We brought no preconceived notions to the project. No biases. No wishful thinking. No egos to defend. No past stances to justify. We just let the data – and the A.I. analyzing the data – do the talking.

We asked:

- What stock factors have the most predictive power?
- What type of stock-picking system will give us the greatest profit-producing edge?
- What is the closest thing to having tomorrow's stock tables in our hands?

To be crystal clear, we're not saying we can predict the future.

That would be impossible.

With Project An-E, what we did was look for the closest thing to predicting the future. We looked for an "edge" that we could exploit over and over again.

How A.I. Can Help You Increase Returns While Lowering Risk

Data analytics helped Jim Simons become the most successful, highest performing hedge fund manager of all time. It allowed the Boston Red Sox and Chicago Cubs to break long World Series droughts. It has allowed A.I. programs to defeat the world's best chess and "Jeopardy" players.

For those of us steeped in the data science world, all that is familiar history. However, the relatively new development in data science is something called "machine learning."

Machine learning is changing the world as you read this... and will change it even more in the years ahead.

And for our purposes as investors, it can greatly improve your investing results. In fact, **it can massively increase your returns while decreasing the risks you take**.

Here's how machine learning shaped our massive research project, An-E.

The way traditional investment data analytics worked a decade ago, a human would think of a set of parameters he or she would like to test and then enter those parameters into a computer. There were predefined data rules to generate an output.

The computer would then perform a "test" of those parameters over past financial market data and analyze the results. If the results are great, you might implement the investment strategy in real life.

For example, you might want to "test" what kind of returns you'd have earned in the past by buying when the stock market trades at a cheap 12 times earnings.

Or, you could test what happens if you only own a stock index like the S&P 500 when it trades above its 200-day moving average.

Or, you could test what happens when you buy when the stock market trades down to 12 times earnings **and** is above its 200-day moving average.

Over the years, people have tested hundreds of thousands of indicators and combinations of indicators.

The key here is a *human* selected the strategy or "parameters" that were tested.

Machine learning flips this traditional script in a powerful way.

Instead of having a human select a set of parameters to test, machine learning asks a hyperintelligent computer program to select the parameters. The machine doesn't require any predefined rules to generate a selected outcome.

Instead of telling the machine what to test, the human suggests a desired outcome – like "*find a reliable stock-picking method that does well with 30-day holding periods*" – and then the machine crunches trillions of data points to determine if it can create a useful system.

The machine analyzes single indicators. It analyzes two-indicator combinations, three-indicator combinations, and even multihundred-indicator combinations. The combinations a machine can test are essentially endless.

For Project An-E, we loaded over 100 distinct variables into the machine learning program. Our goal was to create a system that has strong predictive ability over the short-term (around 30 days). These data sets included macroeconomic data such as interest rates and inflation figures. We also included fundamental data like profit margins and price-to-sales ratios. We included technical data like relative price strength and moving averages.

And again, we brought no preconceived notions or biases to the project. There wasn't a fanatical fundamental investor on the team rooting for his strategy. There wasn't a dedicated technical analyst rooting for her strategy.

We just gave the machine a desired outcome (find stocks poised to rise over the short-term) – and let it do the rest. We didn't teach the program anything. It taught itself.

The results – which we'll get to in a moment – are fantastic.

But at this point in the story, we need to quickly discuss a fascinating aspect of machine learning and how it creates brand new ways of thinking about the stock market.

When designers of A.I.-powered chess-playing programs started testing their systems years ago, they noticed something peculiar about the strategies their programs employed. **The A.I. programs tended to employ seemingly bizarre strategies** – strategies that human players would never come up with and, in many cases, would ridicule if they came from another human player.

For example, in chess, a player can "sacrifice" a key piece if he or she believes that sacrifice will lead to ultimate victory. Sacrificing pieces in the pursuit of ultimate victory has been a strategy in chess for centuries.

However, to the surprise of human players, A.I. chess programs often make sacrifices that seem bizarre and nonsensical. A.I. chess programs create wild and complex strategies humans would never think of. These A.I.-created chess strategies have been called "alien" and "chess from another dimension."

And they end up crushing human players.

A.I. chess programs make seemingly bizarre moves because they have the computational firepower to "see" much further into the future than a human can. A.I. programs can analyze millions of potential outcomes and create multi-move contingency plans for each outcome... all in less than the time it takes a human to take a sip of water.

The chess strategies that A.I. produces aren't bizarre. With its ability to analyze millions of possible outcomes, the moves only make sense. ***They only seem bizarre compared to the primitive and unimaginative strategies that the feeble human brain with its poor computational ability makes.***

Even a chess super genius, such as the legendary Gary Kasparov, has less than .0001% of the computational ability an A.I. chess program has. It's not even a contest.

Knowing this fascinating aspect of A.I., our team was not surprised to see that our A.I.-powered stock market data analysis produced a specific type of trading strategy that most people would be very surprised by.

We gave the computer a huge variety of data sets to work with, including macroeconomic data, company-specific fundamental data, and technical analysis data.

We expected to find a telling indicator – something that would matter more than the other factors.

Maybe it would be momentum.

Maybe stock fundamentals.

But sometimes the moves can seem bizarre to the human mind.

And it so clearly demonstrates the futility of picking stocks with the human brain instead of with a super-intelligent computer.

We found that while some factors matter more than others, An-E doesn't stick to one generalized course over time.

Sometimes the best performing stocks over a 30-day period have strong momentum.

Sometimes the best are severely oversold.

Sometimes the best are boosted by shifting macroeconomic indicators.

To the computer, there are no biases based on previous successful strategies. It simply analyzes the data and produces the prediction for the best outcome.

There is no chess player with favorite moves. No stock analyst who picks based on fundamentals, or who might favor only momentum stocks.

With the human element removed, the system freely ranks based on the data analysis regardless of where it leads.

What Our Results Look Like

After the machine created its strategy by analyzing 15 years of historical data, we analyzed the results it would have produced in various time frames in different market environments.

Our program analyzes hundreds of stocks and ranks them every day on its expectation of what the stock will do over the next 21 trading sessions.

Stocks with a high likelihood of going up are ranked in the top 10%, while stocks with a high likelihood of going down are ranked in the lowest 10% – and all others falling in between..

Over a five-month time period, the stocks in that top 10% - the ones predicted to go up the most – showed an average return of 6.5% with a win rate of 68.7%

This is a strong, statistically significant set of results. We believe it can provide you with a big edge in the markets.

Proprietary trading algorithms like the one we've developed can be worth their weight in gold. They are like the financial equivalent of closely guarded recipes like Coca-Cola and Heinz ketchup.

Here's why this kind of technology isn't only desirable, but, frankly, necessary as we move into an A.I.-dominated future.

Wall Street is Using This Super Powerful New Technology to Beat You: It's About Time You Started Defending Yourself

Ever since ChatGPT put A.I. on the radar of millions of people, we've had people ask us what it means for investors.

Is A.I. good or bad?

Should I be scared of A.I.?

A lot of people are nervous about A.I.. They immediately go to the scary Hollywood version of A.I.: "The Terminator." "The Matrix." HAL, from "2001: A Space Odyssey."

In the minds of a lot of people, A.I. is something that will "turn" on us violently... or at least take our jobs. So, they have no interest in applying it to their investment strategy.

But those people may, unfortunately, be destined to lose big money to a powerful financial enemy they never see.

Because you know who does use A.I.?

Do you know who brings massive computational firepower to the battle that is the stock market?

Do you know who employs some of the world's best data scientists?

Wall Street does.

Wall Street has "weaponized" A.I. and data science to pick the pockets of regular investors – every day.

If you're not using A.I. or some advanced kind of data analytics, you are using Stone Age technology to fight a Space Age war.

You are a caveman with a spear going up against an F-16 fighter.

You have no shot at winning.

Here's what is happening whether you like it or not.

NASA Has Nothing on The Stock Market

On any given business day, the financial market is flooded with billions of different data points that reflect shifting economic conditions. Many of these data points update every second.

You have stock price moves, currency moves, commodity moves, interest rate moves, earnings reports, and dozens of other variables.

Every time a stock price changes even a little bit, it creates a butterfly effect that changes other asset prices.

All that trading activity generates some of the biggest and most complex data sets on the planet.

Now here's how being the financial equivalent of a caveman dooms many investors and traders...

These folks use the human brain to process and analyze all that data – which is crazy... and dooms them to losing.

The human brain is a wonderful thing. It has allowed us to invent incredible things like the printing press and smartphones. It has allowed us to create beautiful music and art.

The human brain is the reason we're here.

However, when it comes to processing and analyzing millions of data points, the human brain is laughably feeble and ineffective compared to a supercomputer running A.I. and advanced data analytics.

There's simply no comparison.

The supercomputer is literally millions of times better at taking in huge amounts of data and making sense of that data.

Despite this, the vast majority of traders enter the financial arena armed with just their brains. They go up against Wall Street, which employs the most advanced data analysis technology on the planet. The result is that the market chews them up and spits them out.

I won't sugarcoat how things work in the financial markets.

It's not a nice place. It's a war zone.

I'd say it's a jungle, but that would be a huge understatement.

When you go into the financial markets, you are going up against the world's smartest, most ruthless people.

These people have the best training. They're armed with the best information – and they often cheat. They are working 24/7 to take your money.

And they're very good at what they do. That's why they own $10 million vacation homes in the Hamptons and drive around in Ferraris.

If you hope to compete against those people and win, you need to be armed to the teeth with massive data processing firepower.

You need the ability to process and analyze insane amounts of data. And your brain simply can't do that on its own.

Someone who depends on the human brain to analyze and select their trades isn't taking a knife to a gunfight as the old saying goes. They're taking a knife to a fight where the other side has laser-guided missiles.

The guy with the knife loses the fight and never even sees the other side. He takes one step on the field of battle and gets obliterated instantly.

This is where A.I. and massive data-processing firepower comes in.

At *TradeSmith*, we've spent more $19 million and more than 11,000 man hours developing our market analysis algorithms.

We have a staff of 36 people developing and maintaining our software and data systems. Our systems run day and night, processing information and spotting major opportunities.

All that work, all that time, and all that expense is devoted to a single goal: Leveling the Wall Street playing field...

...Giving our members the data-processing firepower they need to crush the markets and beat Wall Street at its own game.

Predictive Alpha Prime Gives You a Big Edge. Here's How it Can Help You Build Wealth Quickly and Reliably

Each year, the Nevada Gaming Control Board produces a report on the success of the casinos on the Las Vegas Strip.

We all know "the house always wins," but this annual report – from the body that regulates Vegas casinos - tells us exactly how much.

In 2019, tens of millions of people flocked to Las Vegas to play casino games like blackjack, poker, and roulette. The Nevada Gaming Control Board says those folks flew back home a collective $6.58 billion lighter in the wallet.

That's $6.58 billion Vegas separated from its previous owners – in just one year.

With giant revenue figures like that, it's no wonder Vegas real estate is some of the most expensive on the planet. Land on the Strip can sell for more than $20 million per acre. Vegas casino operators regularly build gleaming mega structures for more than $1 billion a pop. The owners of these structures are some of the world's richest people.

That long legacy of winning year after year after year... All those billions of dollars in revenue... all those mega structures...all those rivers of money...

...Trace their source to a phenomenon called "the house edge."

The house edge is the reason why Las Vegas casinos make so much money with such regularity and such certainty.

The house edge is a simple mathematical concept. It's the percentage of a player's bet that the casino is likely to win. Said another way, it is the statistical advantage a casino holds in any given game.

You see, casinos don't win year in and year out because they get lucky.

Casinos have an ocean-deep knowledge of probabilities. Nobody knows more about probabilities and payoffs than those running casinos.

They use this knowledge to build an "edge" into every game they operate – to ensure the odds are always stacked in their favor.

The "house edge" is typically small – so small that it's nearly impossible for the average person to notice.

A casino might win a game just 51% of the time. (If a casino won every game, players won't play.)

Rather than rake in money through big, eye-popping wins, casinos apply their statistical edges over and over in small, almost unnoticeable ways, "winning small" thousands of times a day, millions of times per year. This helped U.S. casinos bring in a record-breaking $60.4 billion last year, according to the American Gaming Association.

All those small wins pile up to form a mountain of money.

This means the casino business is one of the only industries on the planet that has a business model based on mathematical certainty.

As long as they follow their own rules, casinos know they are 100% guaranteed to earn money because the odds are always in their favor.

Take the iconic Vegas game roulette.

There are 36 numbers on a roulette wheel plus a green zero. Depending on the country, there may also be a double zero, but we'll stick with just the one zero for simplicity.

When the roulette wheel is spinning, the ball can stop on any one of the 36 numbers or the zero. That's 37 possible stops.

This means the mathematical odds of a player picking one of those potential stops is 1 in 37.

Even though the roulette wheel offers 37 possible winning numbers, a player will receive a payout of 35 to 1 for a bet on a single number.

For a winning a bet of 1 unit, the casino will pay the player 35 units plus the initial bet (36 units in total). For a straight-up bet, the probability of success is 1 out of 37, but the player will receive 36 units in the case of a win.

The difference of 1 unit (37 minus 36) is the house edge.

In this case, it's about 2.7%.

There's a very small chance that a player will win and the house has to pay them. But when the house does have to pay up, it pays 2.7% less than what the 1/37 odds would merit.

It's a small percentage but applied over and over millions of times per year, it adds up.

You may not realize it, but playing casino games and investing in the financial markets are very similar.

It's no coincidence that many of the world's best investors and traders are avid poker players.

After all, success in both playing cards and playing the market is a matter of consistently stacking the odds in your favor, knowing how to balance risk and reward, and knowing when to play and when not to play.

The real secret to making a fortune on the Las Vegas Strip and on Wall Street is finding and applying AN EDGE... over and over again.

We do not set out to predict the future at *TradeSmith*. Nobody can do that. No software program can do that. It's impossible. Only a fool believes you can be right 100% of the time in the markets.

With Project An-E, we didn't chase the impossible dream of predicting the future or being right 100% of the time. What we did was look for an "edge" that we could exploit over and over again.

Billionaire casino operators know how powerful an edge is. The world's best traders know it as well.

And starting today, you can put this edge to work for you.