The first step in solving the puzzle is to solve the crossword. The answers are as given above. However, the circled letters aren’t important to the solution of the puzzle. This is clued in the description text where Alice is suspicious of the vicious circles. In fact, collecting the circled letters and anagreamming them yields the phrase “RED HERRING”.

The key to the solution is to look at all the clues that contain the circled letters. The description text mentions that the circles might highlight what is relevant to the solution. The answers to these clues can be taken as clueing letters of the alphabet. For example, the phrase “first aid” can be taken as clueing the letter ’a’. The full list is given below

- First Aid - A
- Midget - E
- Sweetheart - E
- Tight End - T
- Loggerhead - L
- Topgun - G

Anagramming these letters gives us two possible words - Eaglet and Legate. However, as the description text hints, Alice feels she is related to the answer. The Eaglet is a character in Wonderland that is based on Edith Liddell, Alice’s sister. So the answer to the puzzle is Eaglet.