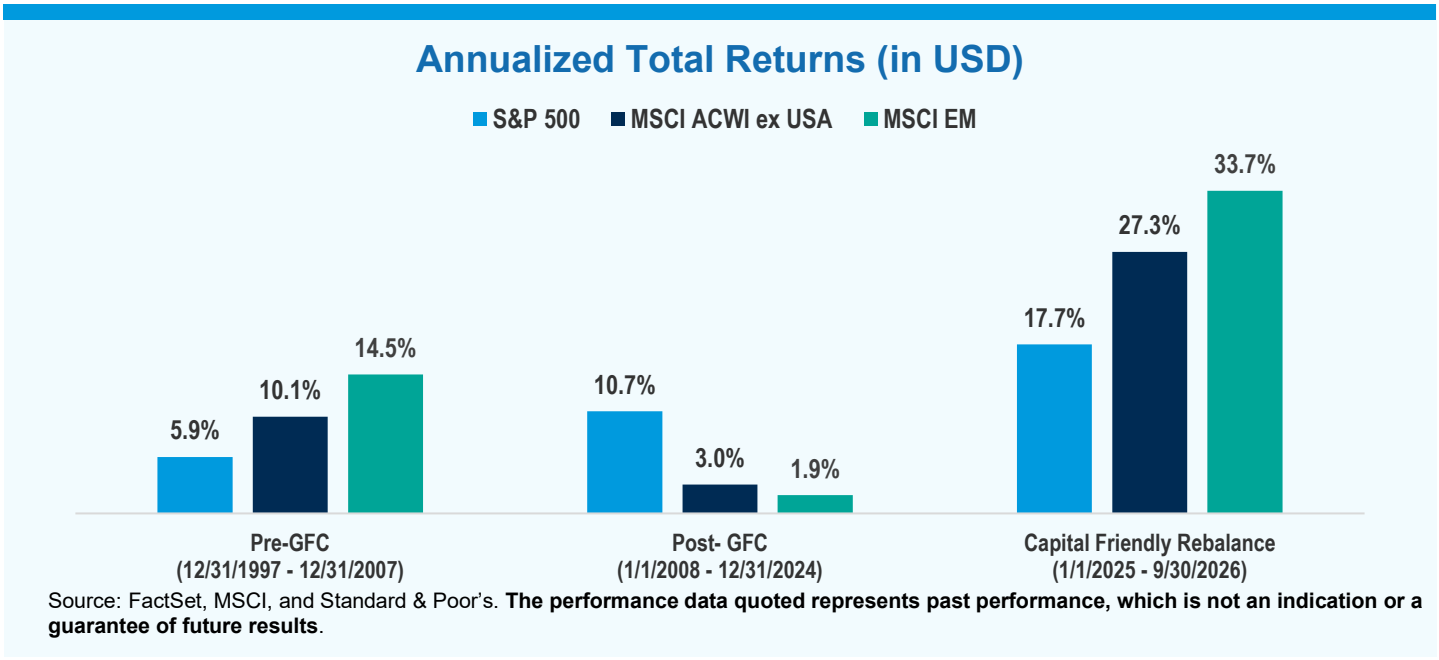
ALGER

Alger On The Money

A World of Capital Friendliness?

Following the 2008 Global Financial Crisis (GFC), supportive monetary and fiscal policy, together with innovations such as cloud computing, helped U.S. companies flourish and reward shareholders. Outside the U.S., many governments responded with austerity and tighter regulation, which slowed economic growth and left their equity markets struggling to keep pace. More recently, however, a greater focus on shareholder returns has begun to take hold abroad.



Source: FactSet, MSCI, and Standard & Poor's. **The performance data quoted represents past performance, which is not an indication or a guarantee of future results**.

- Capital friendliness is a framework we use to assess how well a market rewards the investors who fund it. In our view, capital tends to settle where rules, policy and corporate culture put shareholders first, and the evidence often appears in rising dividends and buybacks, clear targets for higher returns on equity, independent boards and executive pay tied to shareholder results.
- The chart above shows how market leadership has changed across three periods beginning in 1998. International and emerging markets outpaced the S&P 500 before the GFC, then lagged through 2024. During that period, many U.S. companies combined innovation with strong business models, reinvesting for growth while returning excess cash through buybacks and dividends. Since the beginning of 2025, international markets have outperformed the U.S. as signs of capital friendliness have emerged abroad. In Europe, fiscal policy has turned more supportive, with Germany's infrastructure spending commitments improving the outlook for economic growth. In Japan and South Korea, corporate governance initiatives have encouraged companies to use capital more efficiently and place greater emphasis on shareholder returns.
- We believe the spread of capital friendliness is not a case against the U.S. but a sign of its playbook reaching other markets. While less than two years of strong performance may not be enough to declare a new market regime, we see structural support for this shift in improving corporate governance and sustained investment in areas like artificial intelligence and power infrastructure outside the U.S. These trends may create opportunities for companies that can translate them into higher earnings and returns on capital. In our view, select non-U.S. companies that pair capital discipline with innovation appear well positioned for long-term growth, with company fundamentals ultimately mattering more than geography.

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