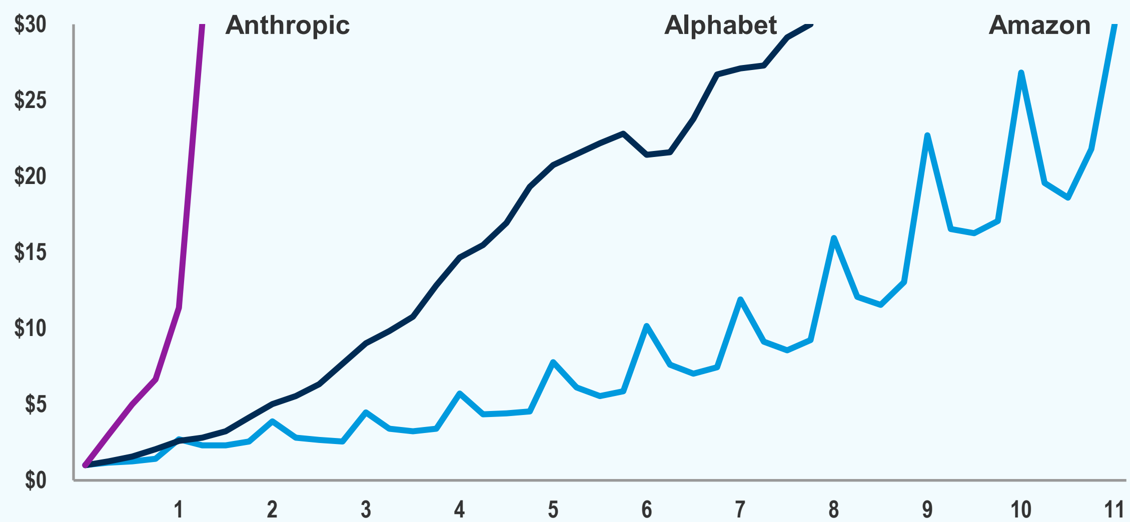
ALGER

Alger On The Money

AI’s Escape Velocity?

As the growth in revenue derived from artificial intelligence (AI) services accelerates, AI model companies are scaling in ways that challenge traditional assumptions about the time required to build large businesses. How do today’s AI leaders compare with the most successful high-growth firms of the past, and what can investors learn from the differences?

Years to Scale Annualized Revenue from $1 Billion to $30 Billion



Source: FactSet (Alphabet, Amazon), Anthropic. Periods reflect each company's path from approximately $1 billion to $30 billion in annualized revenue. Amazon: 12/31/1998 to 9/30/2010. Alphabet: 3/31/2003 to 12/31/2010. Anthropic: 12/31/2024 to 4/6/2026.

- AI leaders are achieving exceptional absolute revenue growth on a compressed timeline as customers find meaningful value in their services, in our view. In addition to consumer usage for everyday tasks (e.g., planning a vacation, summarizing emails), enterprise adoption of AI solutions is broadening across areas such as life sciences research and drug discovery, software development, and customer service workflows.
- In the chart above, today’s AI companies are generating revenue materially faster than those high-growth firms of prior cycles. AI lab Anthropic scaled its annualized revenue from $1 billion to $30 billion in under 2 years, well ahead of the 8 to 11 years it took Alphabet and Amazon to cover the same ground. We believe this in part reflects the fact that each new Anthropic model release expands addressable use cases, shortening the path from initial adoption to enterprise-scale spend.
- As AI model companies expand, we believe they necessitate significant increases in AI infrastructure, requiring sustained investment in semiconductors, memory, networking, and data center capacity. In our view, compute, storage, and network connectivity have become essential to the continued growth of AI model companies.

The views expressed are the views of Fred Alger Management, LLC ("FAM") and its affiliates as of May 2026. These views are subject to change at any time and may not represent the views of all portfolio management teams. These views should not be interpreted as a guarantee of the future performance of the markets, any security or any funds managed by FAM. These views are not meant to provide investment advice and should not be considered a recommendation to purchase or sell securities.

Risk Disclosures: Investing in the stock market involves risks, including the potential loss of principal. Growth stocks may be more volatile than other stocks as their prices tend to be higher in relation to their companies' earnings and may be more sensitive to market, political, and economic developments. **Past performance is not indicative of future performance.** Investors whose reference currency differs from that in which the underlying assets are invested may be subject to exchange rate movements that alter the value of their investments. Private placements are offerings of a company's securities not registered with the SEC and not offered to the public, for which limited information may be available. Such investments are generally considered to be illiquid. **Companies involved in, or exposed to, AI-related businesses may have limited product lines, markets, financial resources or personnel as they face intense competition and potentially rapid product obsolescence, and many depend significantly on retaining and growing their consumer base.** These companies may be substantially exposed to the market and business risks of other industries or sectors, and may be adversely affected by negative developments impacting those companies, industries or sectors, as well as by loss or impairment of intellectual property rights or misappropriation of their technology. Companies that utilize AI could face reputational harm, competitive harm, and legal liability, and/or an adverse effect on business operations as content, analyses, or recommendations that AI applications produce may be deficient, inaccurate, biased, misleading or incomplete, may lead to errors, and may be used in negligent or criminal ways. AI technology could face increasing regulatory scrutiny in the future, which may limit the development of this technology and impede the future growth. AI companies, especially smaller companies, tend to be more volatile than companies that do not rely heavily on technology.

Important Information for US Investors: This material must be accompanied by the most recent fund fact sheet(s) if used in connection with the sale of mutual fund and ETF shares. Fred Alger & Company, LLC serves as distributor of the Alger mutual funds and ETFs.

Important Information for UK and EU Investors: This material is directed at investment professionals and qualified investors (as defined by MiFID/FCA regulations). It is for information purposes only and has been prepared and is made available for the benefit investors. This material does not constitute an offer or solicitation to any person in any jurisdiction in which it is not authorized or permitted, or to anyone who would be an unlawful recipient, and is only intended for use by original recipients and addressees. The original recipient is solely responsible for any actions in further distributing this material and should be satisfied in doing so that there is no breach of local legislation or regulation. Certain products may be subject to restrictions with regard to certain persons or in certain countries under national regulations applicable to such persons or countries.

Alger Management, Ltd. (company house number 8634056, domiciled at 85 Gresham Street, Suite 308, London EC2V 7NQ, UK) is authorised and regulated by the Financial Conduct Authority, for the distribution of regulated financial products and services. FAM, Weatherbie Capital, LLC, and/or Redwood Investments, LLC, U.S. registered investment advisors, serve as sub-portfolio manager to financial products distributed by Alger Management, Ltd.
Alger Group Holdings, LLC (parent company of FAM and Alger Management, Ltd.), FAM, and Fred Alger & Company, LLC are not authorized persons for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA") and this material has not been approved by an authorized person for the purposes of Section 21(2)(b) of the FSMA.

Important information for Investors in Israel: Fred Alger Management, LLC is neither licensed nor insured under the Israeli Regulation of Investment Advice, of Investment Marketing, and of Portfolio Management Law, 1995 (the "Investment Advice Law"). This document is for information purposes only and should not be construed as an offering of Investment Advisory, Investment Marketing or Portfolio Management services (As defined in the Investment Advice Law). Services regulated under the Investment Advice Law are only available to investors that fall within the First Schedule of Investment Advice Law ("Qualified Clients"). It is hereby noted that with respect to Qualified Clients, Fred Alger Management, LLC is not obliged to comply with the following requirements of the Investment Advice Law: (1) ensuring the compatibility of service to the needs of client; (2) engaging in a written agreement with the client, the content of which is as described in section 13 of the Investment Advice Law; (3) providing the client with appropriate disclosure regarding all matters that are material to a proposed transaction or to the advice given; (4) a prohibition on preferring certain Securities or other Financial Assets; (5) providing disclosure about "extraordinary risks" entailed in a transaction (and obtaining the client's approval of such transactions, if applicable); (6) a prohibition on making Portfolio Management fees conditional upon profits or number of transactions; (7) maintaining records of advisory/discretionary actions. This document is directed at and intended for Qualified Clients only.

The following positions represent firm wide assets under management as of February 28, 2026: Amazon.com, Inc., 5.4%, Alphabet Inc., 4.6%. Anthropic, 0.0%.

Alger pays compensation to third party marketers to sell various strategies to prospective investors.